Appendix B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
KNOXVILLE DIVISION
--x
LEWIS COSBY, KENNETH R. MARTIN,
as beneficiary of the Kenneth Ray Martin
Roth IRA, and MARTIN WEAKLEY on
behalf of themselves and all others
similarly situated,

Plaintiffs,

vs. No. 3:16-cv-00121

KPMG, LLP,

Defendant.
--x

April 12, 2019
9:01 a.m.

VIDEOTAPED DEPOSITION of CHAD COFFMAN, held at the law offices of MCDERMOTT WILL & EMERY LLP, 340 Madison Avenue, New York, New York, before Eleanor Greenhouse, a Shorthand Reporter and Notary Public within and for the State of New York.

A P P E A R A N C E S:

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ALSO PRESENT:
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Allison Hart, Paralegal, McDermott Will & Emery

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THE VIDEO TECHNICIAN: This is the video deposition of Chad Coffman in the matter of Lewis Cosby et al. versus KPMG, LLP. This deposition is being held at McDermott Will & Emery LLP on April 12, 2019 at 9:01:00 a.m.

My name is Darrak Lighty from Reporters Central and I'm the video specialist. The court reporter today is Eleanor Greenhouse, also associated with Reporters Central.

Counsel will now state their appearances for the record.

MS. POSNER: Laura Posner, Cohen Milstein, Sellers & Toll PLLC, for the Plaintiff.

MR. BALLARD: I'm Greg Ballard, from McDermott Will & Emery, for KPMG, LLP. I have Allison Hart, a paralegal here, also from McDermott, with me.

MR. ATTARI: Mukarram Attari, Charles River Associates.

MR. DAVIDSON: Paul Davidson, Waller Lansden, on behalf of KPMG.

THE VIDEO TECHNICIAN: Will the court

reporter please swear in the witness.

C H A D   C O F F M A N, called as a witness, having been duly sworn by a Notary Public, was examined and testified as follows:

(Exhibit 25, March 15, 2019 expert report of Chad Coffman, marked for identification, as of this date.)

EXAMINATION BY

MR. BALLARD:

Q.   I'm handing you Exhibit 25. What is Exhibit 25?

A.   This appears to be a copy of the report I prepared and submitted in this matter.

Q.   Did you sign this report on March 15, 2019?

A.   Yes.

Q.   Does Exhibit 25 contain a complete and accurate statement of your opinions as you hold them today in this matter?

A.   Yes. It summarizes the opinions, the overarching opinions I've reached. Within the report there are a lot of sub-opinions as well, and obviously my background and experience contributed in a lot of ways to some of the analyses, but the

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summary of the opinions is certainly contained in the report.

Q. Did you prepare this report?

A. I did. I had -- I directed the preparation of the report. I had assistance from staff members of my firm.

Q. You had assistance but ultimately it's your opinion and your report?

A. Absolutely, yes.

Q. Did you attempt to include in this report a complete statement of all opinions you will express in this matter and the basis and reasons for them?

MS. POSNER: Objection. As to class certification?

MR. BALLARD: As to class certification, yes.

A. I expressed opinions on the questions I was asked, and I haven't been asked any additional questions outside the scope of this in terms of opinions I'm being asked to form.

Q. As to the opinions you've been asked to form, did you --

A. Or asked to answer, sorry. Questions

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I've been asked to answer.

Q. As to the questions you were asked to answer, does Exhibit 25 contain a complete statement of the opinions that you developed?

A. I believe it does, yes.

Q. Does it contain the bases and the reasons for those opinions?

A. Yes, it does. Again, there may be some elements of my experience and knowledge that I have not committed to the four corners of this report, but I believe it summarizes all of the analyses I performed and the logic I'm using to reach the opinions.

Q. You did your best to comply with the Federal Rules requirement that this report contains a complete statement of all opinions you will express and the bases and reasons for them as to class cert; correct?

A. Yes, absolutely.

Q. Did you include in this report the facts and data you considered in formulating these opinions?

A. I believe the results of any analyses I performed are summarized in the report. I believe

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there was a host of backup material that was created that's not in the report per se, but that supports the report, I believe. I actually don't recall if that material was asked for or produced, but there is backup material that is not explicitly in the report.

Q. Does this report contain the exhibits or any exhibits that you would use to support your opinions?

A. Based on what I know right now, yes.

Q. It contains your qualifications as well?

A. It does, yes.

Q. Did you list all of the publications that you have made in the last ten years in your report?

A. Yes.

Q. I'd like you to turn to page 3 of Exhibit 25 and I'll direct your attention to the first paragraph of your report. Do you have that?

A. Yes.

Q. In this paragraph, you indicate that you were asked by counsel for the plaintiffs to examine and opine on whether the markets for Miller

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Energy Resources, Inc.'s publicly traded securities were efficient during the period from August 29, 2011, through July 30, 2015, inclusive, and you defined that as the analysis period; right?

A. Yes.

Q. Why was the analysis period different from the originally proposed time period in this case, do you know?

MS. POSNER: Objection. I think it calls for attorney-client privileged communications.

A. I don't know all the reasons that counsel asked me to analyze that particular period.

Q. So this was a period that was given to you and you were just asked to opine on that, you didn't determine what the period would be; is that fair?

A. I ultimately did not determine the period that was used. I believe there was some discussion ahead of my starting work about using this period versus the full class period, but again, I wasn't the one that ultimately made the decision, so I don't know all the different reasons that were used.

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Q. Is it your understanding that the analysis period that you examined is now the class period that is being proposed in the case?
A. I don't know that for sure.
Q. You were asked to examine whether the market was efficient for three separate securities; is that right?
A. That's right.
Q. The common stock was one, the 10.75 percent C series preferred stock was another, and the 10.5 percent D series preferred stock was the third; is that right?
A. That's correct, yes.
Q. Did you examine each of those three securities as to whether the market for the trading was efficient?
A. Yes.
Q. Each of those three securities was, in fact, a separate security with a separate CUSIP number; is that right?
A. Yes, that's my understanding.
Q. Each traded separately; is that right?
A. In the way I think about it, yes.
Q. And each of the three securities at

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issue, the common stock, the Series C and the Series D, traded at different prices through the analysis period; is that right?

A. That's fair, yes.

Q. Because they're different securities?

A. Yes.

Q. And each of the three securities had its own unique characteristics; is that fair?

MS. POSNER: Objection.

A. Yes.

Q. You, in fact, described some of those in the appendices to your report where you listed some of the characteristics of the C series and the D series; is that right?

A. Yes.

Q. Would it be possible for a company's common stock to trade in an efficient market while its preferred stock does not?

MS. POSNER: Objection.

A. Yes.

Q. So you have to evaluate each of the securities to determine whether the market for that security was efficient?

A. Yes. I mean, you can learn

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something -- I don't think that it's absolutely independent. In other words, if a number of factors point towards efficiency for all the securities and one security is -- you know, has even additional evidence that it trades efficiently and the prices are moving how you would expect them to in terms of consistency across markets, that might provide some additional evidence of efficiency, but ultimately, the way I approach a problem is to analyze each of them separately.

Q. So if you're examining whether the market for a particular security of a company is efficient and you determine that it is, and then you were asked to determine whether the market for another of that company's security was efficient, you might consider the work you had already done, but what you had concluded with respect to the first security would not, standing alone, be enough for you to conclude that the second security is trading in an efficient market; is that fair?

MS. POSNER: Objection.

A. I think that's fair in most circumstances. I can think of securities like tracking stocks or things like that where they move

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almost in tandem where you might not need to do a whole lot, but yes, that's generally true.

Q. So at least for the three securities you looked at here, it's true you would have to look at each one separately?

A. Yes, and that's what I did.

Q. In paragraph 2 of your report, you indicate that you have been asked to opine on whether calculating damages in this matter is subject to a common methodology under Section 11 and under Section 12; right?

A. No.

MS. POSNER: Objection.

Q. I'm sorry -- let me restate that. I was wrong.

In paragraph 2, you indicate that you were asked to opine on whether it is possible to subject damages calculations to a common methodology under Section 10(b) of the Securities and Exchange Act and Section 11 of the Securities Act; is that correct?

A. Yes.

Q. So basically you were asked for opinions on two questions, one on market

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efficiency, and two on whether damages are capable of class-wide determination?

MS. POSNER: Objection.

A. Yes, I believe that's a fair summary.

Q. Have you been asked for opinions on any other topics beyond those two?

A. No.

Q. Have you formulated any opinions on any topics other than those two?

A. No.

Q. As for the opinion on damages -- well, let me rephrase that. You're not giving an opinion on damages, right, you're giving an opinion on whether it would be possible to determine damages on a class-wide basis; right?

A. That's correct, yes. If by the first question, you mean have I quantified damages, the answer is no.

Q. When you were asked this question whether calculating damages is subject to common methodology, did you treat that question as a matter of economics or a question of law or something else?

A. Economics and experience in these types

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of matters, but it's ultimately an economic question.

Q. Were you asked to calculate damages in this case?

A. In terms of forming an opinion to calculate damages?

Q. Yes.

A. No.

Q. Did you attempt to calculate damages in this case?

A. No, I have not attempted to do calculate damages in this case.

Q. So you have not, as of today, actually calculated the damages for any of the claims in this case?

A. That's correct.

Q. So you were asked to opine only on whether it might be possible to calculate damages in this case; is that fair?

A. I don't know about the word "might."

Q. Let me rephrase it.

A. Yes.

Q. You were asked only whether it is possible to calculate damages in this case?

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MS. POSNER: Objection.

Q. Is that fair?

A. I guess I prefer the wording that is here, whether there is a common methodology that allows calculation of damages for the entire class.

Q. I see. So you were asked only whether there's a common methodology for calculating damages. You were not asked whether it's possible and you were not asked to actually do it; is that fair?

A. Well, I think --

MS. POSNER: Objection.

A. -- in ascertaining whether there's a common methodology, I was entertaining the question, is this case, like the dozens or even hundreds of others I've come across in my career in which I've been asked to perform damages calculations, is there anything specific in this case that implies that the methodology that is used in virtually every case, the out-of-pocket methodology, that for some reason it's -- it wouldn't make sense in this case.

So in my mind, I was being asked is it possible to calculate damages in this case and so I

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believe the answer to that is yes and I believe I'm giving that opinion.

Q. So you are in a sense giving an opinion as to whether it's possible to calculate damages, you just haven't done it yet?

A. Correct.

Q. Do you know if you are going to be asked to calculate damages in this case?

A. I don't know.

Q. So at this point you're basically saying, "I haven't done it yet, I haven't tried to do it yet, but trust me, I could do it if you asked me to"?

MS. POSNER: Objection.

A. I don't know that I'm saying trust me. I'm saying based on my reading of the complaint and understanding of plaintiffs' allegations and the nature of plaintiffs' allegations and the nature of what is laid out there and my discussions with plaintiffs' counsel, that this case looks like, in its core features, dozens of other cases in which I've been engaged to evaluate and compute damages.

And in all those cases, virtually all those cases, the damages were being calculated on

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the out-of-pocket methodology that I described in this report and I see no reason, as a matter of economics, that that methodology wouldn't apply in this case.

Q. So in your view, there's nothing unique about this case that would make that common methodology referred to inapplicable?

A. That's correct.

Q. You mentioned dozens of cases where you've been engaged to compute damages. Did I hear that right?

A. Yes. I think I said dozens or even more than 100 or something to that effect.

Q. It's a bunch?

A. It's a lot, yes.

Q. Over a long period of time?

A. Yes.

Q. When was the first time, just roughly, when you were engaged to calculate damages in a securities class action?

A. It probably would have been -- I don't know an exact time, but it probably would have been around 1997 or 1998. I was not a testifying expert then, but I was a consulting expert that was

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working with a party in a class action securities case and I was attempting to compute damages under a number of different scenarios.

Q. Do you recall when you were first engaged as a testifying expert on damages in a class action securities case roughly?

A. Probably around 2008 or 2009.

Q. So you've had a lot of experience both as a consulting and as a testifying expert on the topic of damages?

A. In class action securities cases, yes.

Q. And have you used the same methodology in all of those matters?

A. No.

Q. What is the most common methodology you've used in these matters?

A. The out-of-pocket methodology that I described. There were a couple of cases with unique circumstances or unique legal theories that were being put forth and I calculated damages under a couple of different scenarios where it was not the out-of-pocket methodology, but the vast, vast majority, almost exclusively, it's on the out-of-pocket methodology.

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Q. So really there's only been a couple of cases where you used a different methodology?

A. Again, I can -- I think that's fair, yes.

Q. Do you remember the names of any of those cases?

A. In the DVI matter, I put forth two different methodologies, the traditional out-of-pocket methodology based on an event study, and then a model I referred to as the insolvency model which I guess still falls under the idea of an out-of-pocket methodology, but it was -- did not employ the usual event study approach to ascertaining what the inflation was.

And then in the BP matter, there was a legal theory being put forward that deviated from the out-of-pocket methodology.

Q. What was that method that deviated from the out-of-pocket?

A. Well in that particular case, there were two separate classes. There was a post-oil spill class that used the standard out-of-pocket methodology, and then there was a pre-spill class where the allegation or the legal theory being put

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forward was that investors could recover for losses suffered as a result of the oil spill even though had the full truth of what was alleged to have been misleading was not -- if that had been disclosed prior to the oil spill, it was clear that the stock price wouldn't have reacted as it did after the oil spill, but that plaintiffs' legal theory in that case was that they were entitled to the full drop even after the oil spill.

Q. The class was certified for the post-spill class and was not certified for the pre-spill class; is that right?

A. That's right.

Q. And your opinion was rejected in connection with the pre-spill class; correct?

A. Well, my opinion was -- again, I think it's a little more complex than that. My -- I was engaged to opine on the appropriate method of damages under their legal theory and that legal theory was rejected, so I -- you know, the method I was proposing for calculating damages was not accepted, yes. The class was not certified.

Q. And in the DVI case, your opinions were challenged in that case as well. Do you recall the

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outcome of that?

A. I believe the more traditional out-of-pocket methodology, the class was certified, and with the exception of certain corrective disclosures which were ruled that both I and the defense expert could not opine with regard to damages on certain corrective -- some small minority of the corrective disclosures, the insolvency theory was ruled to not sufficiently fit with the law, and so I was prevented from testifying about that particular theory.

Q. So have you -- I know you've expressed an opinion in this case on your conclusion that a common methodology is available. Have you evaluated whether it would, in fact, be necessary to turn to an alternative method of computing damages if you were asked to actually compute damages in this case?

MS. POSNER: Objection.

A. I have not entertained or been involved in any discussions that would suggest that anything other than the standard out-of-pocket methodology is what is being sought in this case.

In other words, the complaint alleges

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an artificially inflated price of the securities. It alleges that there were corrective disclosures. It's not alleging any theory of damages outside of what I can see is the out-of-pocket method, and in my discussions with counsel leading to my opinions, in which we discuss damages broadly, my understanding is they're not pursuing anything other than the standard out-of-pocket methodology.

Q. What is your understanding of the damages theory in this case?

MS. POSNER: Objection.

A. That investors paid artificially inflated prices as the result of KPMG's alleged misstatements, and that ultimately that artificial inflation came out of the stock through a series of partial corrective disclosures.

Q. Do you understand that the plaintiffs have alleged a materialization of risk theory?

A. I know that language is in the complaint. I don't pretend to know all the legal in's and out's of what that might mean, but I don't read it to mean anything other than the application of the out-of-pocket methodology.

Q. What is your understanding of the

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materialization of risk theory?

MS. POSNER: Objection.

A. I've seen it used in multiple ways so that's why I don't put a lot of stock in -- when I actually see those words, what, you know, is intended from a legal perspective.

What I, from an economic perspective, what I understand is that there is a theory that what materialized later was within the realization of a risk that had either not been disclosed or insufficiently disclosed in the past. I've also seen it referred to as something different than the out-of-pocket methodology, and I've seen that language used in a sort of -- used in a lot of loose ways as well, so I don't -- when I see that language, I don't ascribe any particular economic meaning to it.

Q. You recall that the plaintiffs in the BP case had a materialization of risk theory for their pre-spill class claim; correct?

A. Correct, and that's what I was talking about in terms of in that particular case, when they referred to the materialization of the risk theory, they were talking about one that clearly

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deviated from the out-of-pocket methodology.

Q. Why do you say that?

A. Because as I made clear in my opinions in that case, I was not attempting to quantify what the "but for" stock price would have been but for the misstatements in the pre-spill period.

In that particular case, there were claims that BP had insufficiently disclosed its safety profile and I clearly opined in that case that had BP disclosed some of the issues with its safety profile that plaintiffs were alleging were unknown to the market before the spill, clearly the stock price would have declined to some degree, but there was no way it was going to decline to the degree that you actually saw after the spill had already occurred.

But yet plaintiffs were alleging that they were entitled to the financial losses even for those purchasers that occurred as a result of the spill and further disclosures after that. So they were attempting to collect damages over and above the difference between the observed price in the market and what would have been the alternative price had full disclosure been made prior to the

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spill.

Q. Did you read what the 5th Circuit had to say about the pre-spill class in its opinion in that case?

A. I may have at some point. I don't have in mind right now what was said.

Q. Do you remember agreeing or disagreeing with anything you read from what the 5th Circuit said about that, the pre-spill class?

A. I don't recall specifically what the 5th Circuit said.

Q. And you don't remember why the 5th Circuit said that your methodology wouldn't work?

MS. POSNER: Objection.

A. Well, I recall reading the opinion of the District Court judge. I don't know if you're talking about --

Q. The 5th Circuit on appeal. Let me rephrase the question. You don't remember anything that the 5th Circuit had to say about why your methodology for the pre-spill class was not appropriate?

A. As I sit here right now, I don't recall reading that. I may have at some point.

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Q. In your report, at paragraph 3, you indicate you're getting paid at an hourly rate of $800 per hour. Is that your current standard rate?

A. For new matters, yes.

Q. And you give rates for the other folks who work on your team. How many people are working on this matter on your team?

A. There are three primary people I recall working directly on this. They may have delegated certain work to other folks, but there were three people I interacted with in preparing this report.

Q. Do you have a sense of how many hours in total have been put in on the project so far?

A. I don't.

Q. Do you have a sense of how many dollars have been billed or accrued to date on the project?

A. I don't know that number specifically, no.

Q. How much time have you spent on it?

A. Again, I don't know a specific number of hours, but I can try to a rough estimate, but I don't have a specific amount.

Q. Do you have a rough estimate of the number of hours that you put in on the matter so

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far?

A. More than 20, probably more than 30, less than 100, would be my best guess.

Q. And do you have any rough estimate of how much time the other folks on your team have put in?

A. Just based on the amount of work involved, certainly more than 100 but beyond that, I don't know. We obviously have records that reflect that, but I don't know.

Q. You indicate that your compensation is in no way contingent on the outcome of this case. How do you bill your time?

A. By the hour.

Q. And then how do you bill or invoice your client in this case?

A. Like all our other clients, we prepare monthly invoices sometime after the close of each month and send it to the client.

Q. So you're paid as you go, you don't wait until the end?

A. That's correct.

Q. Do you know how much you billed to date?

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A. I don't.

Q. Do you have an expectation of how much you will bill in this case?

A. No.

Q. I want to go back to something you said earlier about the dozens of cases that you were involved on damages issues. Have you been employed by plaintiffs and defendants in those cases?

A. Yes. I've been actually engaged by a number of different types of parties, so I've been engaged by plaintiffs, I've been engaged by defendants, I've been engaged by D&O insurers for defendants, and I've been engaged by neutrals that are trying to resolve these cases to evaluate the work, the damages work, on both sides of the case.

Q. Are you working on any matters for a defendant in a class action securities case at the moment?

A. Not at the moment, no.

Q. If you go back, say, the last five years, have you worked for a defendant in a class action securities litigation in that time period?

A. Yes.

Q. Roughly what is the next -- how often

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do you represent plaintiffs versus defendants?

A. I don't represent anyone.

Q. That's a good point. Let me rephrase that question. What is the rough mix in terms of who engages you, how often it's plaintiffs and how often it's defendants?

A. In class action securities cases, it's varied substantially over time. Currently it's primarily plaintiffs, the vast majority is plaintiffs. Over the whole scope of my career, it's more of a mix.

Q. At present the vast majority of your -- can I call them clients?

A. Clients, yes.

Q. At present the vast majority of your clients are plaintiffs' counsel; is that fair?

MS. POSNER: Objection.

A. In class action securities cases that's fair, yes. There are other types of work in cases I perform where I work for defendants more often.

Q. I'd like you to turn to paragraph 7 of your report. There's a heading, "Summary of Opinions." Do you have that?

A. Yes.

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Q. In paragraph 7, you indicate that you have formed the opinion that the markets for Miller Energy securities were efficient during the analysis period. Do you see that?

A. Yes.

Q. And you are referring to each of the three securities you looked at here; right?

A. Yeah. When I use the capitalized term "Miller Energy Securities," I think I defined that earlier as the three securities we were talking about.

Q. And for ease of reference today, can we call them the common stock, the Series C preferred, and the Series D preferred?

A. That's fine, yes.

Q. And we will all know what we're talking about?

A. Yes.

Q. Is it your opinion that the market for Miller Energy's common stock was efficient through the entirety of the analysis period?

A. Yes.

Q. Is it your opinion that the market for the Series C preferred stock was efficient for the

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entirety of the analysis period?

A. Yes.

Q. Is it your opinion --

A. Well, let me take a step back. The Series C wasn't issued until sometime in the middle of the analysis period, so from the time it was issued to the end of the analysis period, yes.

Q. As to the Series D securities, is it your opinion that the market for those securities was efficient from the time they were issued through the end of the analysis period?

A. Yes.

Q. Each of those three securities had its own ticker symbol; right?

A. Yes.

Q. And they were traded on the New York Stock Exchange?

A. That was their primary listing, yes.

Q. Is it your opinion that --

A. I think -- yes is the answer.

Q. Is it your opinion that any security that trades on the New York Stock Exchange trades in an efficient market?

A. I think that makes it highly likely,

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but that, in and of itself, doesn't convince me, no.

Q. So the fact that a security trades on the New York Stock Exchange, standing alone, wouldn't be enough for you to conclude that the market was efficient?

A. I think that's fair, yes. I would want to look at more data beyond just that.

Q. Let me direct your attention to paragraph 12 of your report. You write, "Plaintiffs' complaint alleges that KPMG issued false and misleading statements and omitted material information during the analysis period."

Do you see that?

A. Yes.

Q. In this sentence, you're describing an allegation of the complaint; right?

A. Yes.

Q. You have no knowledge as to whether it is true or false as a matter of fact; is that right?

A. That's correct.

Q. And you have no expert opinion on that as well; right?

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MS. POSNER: As to whether KPMG issued false and --

Q. I'll rephrase it. Do you have an expert opinion as to whether KPMG issued false and misleading statements and omitted material information during the analysis period?

A. No.

Q. For bonds that are traded on the New York Stock Exchange, first of all, there are bonds traded on the New York Stock Exchange; right?

A. I believe there are some at least, yes.

Q. Are they likely to trade in an efficient market by virtue of the fact that they are traded on the New York Stock Exchange?

MS. POSNER: Objection.

A. Can I have that read back, please.

(Record read.)

A. I don't know. That's not something that I have explicitly evaluated.

Q. In paragraph 12 of your opinion, you refer to the allegation that the prices of Miller Energy securities were artificially inflated and the plaintiffs were damaged. Do you see that?

A. Yes.

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Q. Do you have an opinion on whether the prices of Miller Energy securities were inflated?

A. No. I understand that's what is being alleged, but I do not -- have not formed an opinion on that.

Q. Do you have an opinion on whether plaintiffs were damaged?

A. No. I'm not offering that opinion at this time, no.

Q. You said you're not offering that opinion at this time. Have you formulated an opinion at this time?

A. No.

Q. In paragraph 13, there's a reference again, I think it's to an allegation, that Miller Energy vastly overstated the value of Miller Energy's assets in Alaska; do you see that?

A. That's part of what that sentence says, yeah. There's more in the middle there but it -- part of that sentence is that Miller Energy's annual financial statements for fiscal years 2011 through 2014 vastly overstated the value of Miller Energy's assets in Alaska.

Q. And that sentence is referring to an

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allegation of the complaint; right?

A. Yes.

Q. You have no opinion on whether it's true or false; correct?

A. That's correct.

Q. And you have no expert opinion on that question as well; right?

A. That's correct.

Q. Have you formulated any opinion on the value of the Alaska Assets?

A. No.

Q. Have you done any analysis of the value of the Alaska Assets?

A. No.

Q. Have you formulated any opinion on the fair value of any assets or liabilities at issue in this case?

A. Let me take a step back. Obviously embedded within the prices of what I've analyzed are at least the market's assessment, based on the information available, of what the assets are. So I don't want to say that my opinions are completely divorced of at least what the market's beliefs were about the value of the Alaska Assets, but if you're

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asking me have I performed my own fair value valuation of the assets, themselves, the answer is no.

Q. You're not an expert on generally accepted accounting principles, are you?

A. I think I'm more generally familiar with those principles than a lay person off the street in terms of my experience and education, but I don't hold myself out as somebody who testifies as an expert about the application of GAAP, no.

Q. Are you a CPA?

A. I am not, no.

Q. Are you an expert on generally accepted auditing standards?

A. Again, I probably have more than a lay person's understanding of it than somebody walking on the street, as a result of my background and education and experience, but I do not hold myself out as a testifying expert in that area or somebody who gives expert opinions in that area.

Q. Are you an expert on PCAOB standards?

A. No.

Q. So you're not giving or you're not proposing to give any opinions in this matter on

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GAAS or GAAP or PCAOB standards; is that fair?

A. No.

Q. You're not --

A. I mean, that's not what I've been asked to form an opinion on, but no, that's not my understanding of what my role in this case would ever be.

Q. And you haven't been asked to evaluate whether KPMG's audits were in compliance with professional standards?

A. That's correct.

Q. In your report on page 6, in Footnote 3, there's a reference to several Form 10-K's issued by Miller Energy; do you see that?

A. I do.

Q. And it looks like there is a Form 10-K listed here for 2011, 2012, 2013 and 2014. Do you see those?

A. Yes.

Q. And when I refer to the year, you understand that Miller Energy's fiscal year ended on April 30; right?

A. Yes.

Q. So if I refer to the fiscal year 2011,

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you'll understand that to refer to the year that ended April 30, 2011?

A. That's my understanding, yes.

Q. Was that the way you would refer to it? I just want to make sure we're talking about the same years when we talk about these things.

A. It is. The only reason I hesitated is there are some companies that have very strange naming of their fiscal years and whether the one ending April 30, 2011 is what they call 2011 or 2010, that's the detail I'm completely remembering, but I'm fine in this deposition referring to it the way you referred to it.

Q. We can all try to make sure we're clear on what we're talking about. I think that will be fine.

So there are four annual reports on Form 10-K that are referenced in Footnote 3 of your report; right?

A. Yes.

Q. Have you formulated any opinion on whether those financial statements contained material misstatements or omissions?

A. No.

C. Coffman

Q. Have you formed any opinion as to whether those financial statements were misstated in any way?

A. No.

Q. Have you formulated any opinion as to whether KPMG's audit opinions included in Miller Energy's filings were misstated in any way?

A. No.

Q. Let's turn to paragraph 15 of your report on page 8.

A. Okay.

Q. In this paragraph you refer to the Supreme Court decision Halliburton II?

A. Yes.

Q. Have you read that opinion?

A. Yes.

Q. You're aware of the comments the Supreme Court made about the efficient market theory; correct?

MS. POSNER: Objection.

A. Yes. That's part of what -- I believe there may be additional statements made, but that's what I'm quoting. Part of it is what I'm quoting here, yes.

C. Coffman

Q. And it's your understanding that in certain circumstances, plaintiffs may be allowed to invoke a presumption of reliance; is that right?

MS. POSNER: Objection.

A. That's my understanding, yes.

Q. And is it your understanding that that presumption is rebuttable?

MS. POSNER: Objection.

A. I mean, that's my general understanding, yes. I mean, I'm not a lawyer but that's what I generally understand, yes.

Q. The Supreme Court said so in Halliburton II; right?

MS. POSNER: Objection. He's not an attorney.

MR. BALLARD: That's okay. You can answer.

Q. You're quoting a Supreme Court decision in your opinion; right?

A. I am. As I sit here, I just don't recall all that I said about the ability to rebut it, but yes, my general understanding is that the defendants -- based on my experience in these types of cases, that defendants have the ability to try

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to rebut the presumption of reliance.

Q. Have you been asked to evaluate whether the presumption of reliance or any presumptions of reliance that might be applicable in this case is rebuttable?

A. That's not the nature of the work I performed in this case, no.

Q. Have you formulated any opinion as to whether the presumption of reliance, if it applies in this case, is rebuttable?

A. I don't know what -- all you might mean by rebuttable. I've formed the opinion that the market was efficient which I understand is related to that topic, but whether there's -- what the contours of how or for what reasons defendants might be able to rebut that presumption is not something I've looked at.

Q. So as of today, you have no opinion on that topic?

MS. POSNER: Objection.

A. Again, to the extent it turns on the efficiency of the market, I believe I do, but to the extent it turns on something outside of that, I'm not opining on that one way or the other.

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Q. Let's turn to page 9 of your report. So we're in Exhibit 25 at paragraph 18. Do you have that in front of you?

A. Yes.

Q. In the middle of that paragraph, you refer to the semi-strong form of efficiency. Do you see that?

A. Yes.

Q. You write, "Semi-strong form efficiency implies that all publicly available information is reflected in a security's current market price. This implies that security prices adjust to new publicly available information rapidly and in an unbiased fashion so that it is impossible to earn excess returns by trading on that information."

Do you see that?

A. I see that, yes.

Q. Can you explain what you meant by that?

A. Well, again, this is describing a theoretical construct of what it means for a market to be semi-strong form efficient, that the market prices reflect all widely available information that is available to investors. And so I'm describing here how the basic decision and the

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Halliburton II decision are talking about what I understand to be that particular economic theoretical construct of semi-strong form market efficiency.

Q. So then when you do your analysis in this case, is that the type of efficiency you're essentially looking at or looking for?

MS. POSNER: Objection.

A. That's correct, and again, I think it's important to keep in mind that while Dr. Fama, who I describe, his theories in here laid out what theoretical market efficiency is, I also describe in here how efficiency exists on a continuum, and so I'm not evaluating whether it's perfectly semi-strong form efficiency, but whether or not that's a reasonable assumption to make that it trades in a semi-strong form efficient market.

Q. And in your view it's an empirical exercise?

A. To evaluate that, yes.

Q. So you do an analysis and you evaluate empirical data and formulate an opinion as to whether a particular market for a particular security was efficient for a particular period of

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time?

A. I think that's fair. I mean, as I describe in the report, there have been a number of factors that have been consistently used in this context to evaluate market efficiency and I performed those types of analyses to evaluate whether there is economic evidence supportive of market efficiency. I also describe in the report how there's no bright line test that tells you, yes, this market is efficient, or no, it's not, so that's why it's important to analyze a number of different factors to reach that view.

Q. Would it be fair to say that some factors bear more directly on the question of whether security prices adjust to new available information rapidly than other factors?

A. I think that's probably fair, that some are more direct than others.

Q. So the fact that there are analysts covering a stock may bear indirectly on the question, whereas an event study might provide more direct evidence?

MS. POSNER: Objection.

Q. Is that the way you would look at it?

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A. I think it's fair to say that an event study looking at the -- how the prices react to new information is a more direct test than just looking at whether there are analysts covering. As I describe in the section of my report that deals with analyst coverage, you know, the logic behind the analyst coverage factor really is whether or not there's sufficient information and analysis out in the market, and I describe how currently, now with the Internet, there's a vast array of different ways you can get information on a security so that it's not really looking just at analysts.

But I would generally agree with you that doing the event study type test is a more direct test than just looking at analysts, but I do think they're both important.

Q. It just seems that if the question is, do securities prices react rapidly to new information, it seems that some of your analysis appears to be more directly addressed to that question, and so the event study and that particular Cammer factor seems to be one of them.

Is that the way you would think of

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that?

MS. POSNER: Objection.

A. I think it's fair to say that the event study tests are more direct than some of other factors. But again, I think they're all important.

Q. And how rapidly in an efficient market would you expect security prices to adjust to new public information?

A. I think it can depend greatly on the facts and circumstances of what is being released. I think generally speaking, the tests I perform within this test are to look within a day.

There are certainly circumstances of particular disclosures where it may take a series of days. I don't think looking beyond a small number of days is the usual approach to what is thought of as rapidly.

Sometimes it's clear the market reacts on an intraday basis very quickly, but assessing when it fully impounds certain information often can be a case-specific analysis or an event-specific analysis.

Q. Did you determine that in this case, the appropriate window to look at was one day?

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MS. POSNER: Objection. Are you asking with regard to market efficiency?

MR. BALLARD: The event study.

A. I think if the question was looking at one specific event or -- looking at a possibly -- if you were trying to evaluate the effect of a single piece of news and how that impacted the price, I think you would want to look more closely than I have in terms of whether there's evidence to suggest you should look at a shorter window than a full day or a longer window than a full day, depending on the facts and circumstances.

For the purposes of evaluating marketing efficiency, I've used a full day, which is a standard approach, but I don't -- I wouldn't read into what I've done that in all circumstances, for every piece of news, the right event window would be one day.

Q. For what type of events might a longer period be appropriate?

MS. POSNER: Objection.

A. I don't know that I can characterize it fully or all the circumstances, but for example, if there's an unexpected complex announcement of some

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kind where there's an initial market reaction, and then analysts weigh in and there's additional news stories and coverage about that event over a series of days, and you observed high volume on multiple days and you see the stock price reacting over multiple days, you know, in those circumstances, the evidence may suggest looking at a longer event window.

Q. So at least for this case, you looked at hundreds of events and for each of them, in every instance, you looked at a window of one day of trading; right?

A. Yes. To evaluate market efficiency, I set a standard of looking at daily stock price returns.

Q. And did you say that was standard, to look at one day in this context?

A. Well, I'm saying it's -- in the context of analyzing market efficiency, I believe looking at daily returns is a standard thing that is done both in the context of this -- of this type of analysis, which I've done in many, many cases, and I've seen other experts do those types of studies in many cases. And also historically, in the

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academic literature, there are literally dozens, if not hundreds, of daily event studies out there analyzing the market's reaction to different types of information.

Q. So just to get the concept down, if an event occurs and it's material and it's new information, in an efficient market, you would expect the price of the security to react rapidly, and so you look at the next day.

And if it reacts, you may be able to draw some conclusions based on that. If it doesn't react, you may be able to draw conclusions based on that. Is that the essence of the concept?

MS. POSNER: Objection.

A. Again, I think in that question you're saying is one day the only thing you would necessarily look at, and I wouldn't necessarily agree with that. Looking at what the -- how the stock price responds in some reasonably short time period after the event is, I think, an appropriate way to think about it.

Whether that -- for a variety of reasons, it may be that the best way to look at that is to look even shorter than a day if there's

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confounding information during a day that you want to eliminate the possibility of that influence, or if -- like I said, there are certainly examples where follow-on coverage of an event from analysts and media and others may suggest that looking at more than just a single day is appropriate.

Q. So, as a general matter, if material new information comes out and the market reacts quickly, as a general matter, you would say that tends to support a finding of efficiency where if material new information comes out and it takes several days for the market price to react, that would tend to support a conclusion of inefficiency; is that fair?

MS. POSNER: Objection.

A. I don't know that I would necessarily agree with that. I mean, if what -- I think there are different gradations of what you're talking about.

So if, in an efficient market or in a market, information is revealed and the stock price reacts on the first day, but then there seems to be some residual continued reaction as people process the information and as analysts comment on the

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information, and as new stories comment on the information, in that case, the full impact may take several days.

I think in your question you're sort of asking if the impact takes several days, so if you see a news announcement on a particular day or a new event, and there's no reaction for a day or two days, and it doesn't react, or it appears not to react until a third day at all, I think that would be a little bit less consistent with market efficiency. But there's the idea of an initial impact and then it sort of being fully reflected, and that fully reflected I believe takes -- the market takes time to fully react to information and that could be within a day, it could take two days, three days.

I think when I refer to rapidly, I'm incorporating all those possibilities in terms of how long it takes it to be fully reflective of the stock price.

Q. But here you looked at a period of what, like a thousand days, right, trading days?

A. It may even be more than that.

Q. It may be more?

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A. I don't recall exactly how many trading days.

Q. A lot of days, I mean, several years; right? And in each instance, you looked at each day and each day was either deemed to be a date where there was no news or a date where there's an SEC filing, or a date where there was an earnings race, and then you looked at just the next day to see if there was a price reaction. Right?

A. Yeah. Again, the task I've been asked to perform is to evaluate the market efficiency of these securities during the analysis period, so in order to do that, one of the things I had to choose was an event window to look at for, as you said, the thousands of days we're looking at and multiple earnings announcements and multiple types of other announcements, and so to have a standard event window for the purposes of calculating market efficiency, I restricted the price movement to be within a day, yes.

Q. How do you reconcile that with your testimony earlier that it's possible for an event to lead to a price reaction that occurs over more than one day?

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A. Because it's a different question when you're asking how did this specific one announcement, what is the best opinion you can give about how this one particular event changed the value of the stock when it was fully imputed into the stock price.

So looking over many events for the purposes of analyzing market efficiency, I'm restricting it to a day, but I'm not being asked to give an opinion about the detailed full price impact of a particular piece of information.

Q. So if you have a number of days you looked at in your period, and on day three, you found a statistically significant price movement -- are you with me so far?

A. I believe so.

Q. -- in your methodology, you would attribute that to news on day two if there was news on day two; right?

MS. POSNER: Objection.

A. I think I want to be careful about a hypothetical. So if you're saying after market hours on day two, there's an announcement and then there's a stock price reaction, I would attribute

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that to the post-market release of information on day two or to an announcement early on day three.

Q. And how would your methodology assess whether that reaction might actually have been a reaction to an announcement post-close on day one?

A. Well, again, I'm not suggesting in any way that the first time the market would react to new information is three days out from when the stock price or when the event occurred.

I'm saying that in some circumstances, it's apparent that news affects a security on the first day, but then that there could be some residual reaction beyond one day.

Q. So in my hypothetical, we have news comes out after the close on day one. News comes out after the close on day two. There's a statistically significant price movement on day three.

Does your methodology allow you to determine whether that reaction is in response to the news that came out after the close on day two versus day one?

MS. POSNER: Objection.

A. When you say "your methodology," in the

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particular methodology I'm using to evaluate market efficiency, I'm not ever trying to suggest that the movement on day three is due to the news on day one.

Q. But didn't you say that it's possible for news to have an effect on not only the following day, but the second day following?

A. I'm saying in some circumstances, based on the facts and circumstances of that particular disclosure, that's possible. And I've seen cases where the evidence supports that, but that's a highly fact-specific case-specific date-specific analysis.

So for example, if I see a news event and there's a reaction on day one, and there's no movement on day two but there's significant movement on day three, I wouldn't just say that day three movement is tied to the news on day one.

There would have to be a whole set of analyses that would go into whether it's plausible -- whether it's even plausible that that day three reaction is still potentially related back to the news on day one.

So I think the initial assumption and a

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standard assumption to begin with is consistent with what you're saying if you look a day out, but then if you're analyzing a specific announcement for full impact, it also makes sense to at least evaluate whether there's evidence that the market could have still been reacting beyond day one.

Q. In the methodology you employed in this case for the particular securities here, you were assuming that material new information would be incorporated within one trading day; is that fair?

MS. POSNER: Objection.

A. I don't believe I'm making that -- I don't believe I'm making the assumption that the market would fully impound all information in one trading day. What I'm doing is using this methodology as a test for market efficiency.

So what I'm testing is whether there's rapid price reactions in general on news days relative to non-news days, and for that purpose, I'm selecting one day as the testing window. I'm not suggesting a one-day testing window is the only plausible event window one could choose.

Q. Do you believe that one day is the best window to use in this case?

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MS. POSNER: Objection.

A. I think it's a -- I think it is the best window available for testing market efficiency. Again, if I were analyzing a specific event and the question was what is your best estimate of the full price impact of that event, I would want to at least analyze more carefully rather than just assume that one day is the right event window.

But for evaluating market efficiency, I do think looking at a daily event study is an appropriate thing to do, and in my view, the most standard thing that is done. That's not to say you couldn't do it other ways, but I think it's the most reasonable thing to do.

Q. Let me ask it this way: If it routinely took two days for the market to absorb new information about Miller Energy, then your event study really wouldn't tell you much; right?

MS. POSNER: Objection.

A. I don't know that that's the case. Again, there's a difference between initial price reaction and fully reflected price reaction, so in a purely hypothetical situation, I'm not at all

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suggesting this is the case here, but let's hypothetically assume that full price reactions take place over two days, but that initial price reactions can occur very quickly.

In my view, that market would still be efficient, it's rapidly reflecting the new information, and the tests I'm conducting would reflect that because there's rapid reaction on day one. There may just be some residual price reaction on day two that is not being measured.

Q. I'm asking, I think, a different question. I'm asking whether you're actually testing the right thing. If it takes two days routinely for the market to incorporate and react to new information, and you look at, say, 19 earnings releases and your methodology only looks at the one day after they come out, how do you know those instances where you found a statistically significant reaction are in fact, a reaction to the press release the day before as opposed to something that happened the day before that?

MS. POSNER: Objection.

A. I guess under your hypothetical scenario, which is not anything close to what I've

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concluded in this case, that somehow there's routinely two-day price reactions, I think the criticism would be that the method isn't necessarily reflecting the full price impacts, but it's still testing for whether there's a rapid reaction within one day.

Q. Your position is it's testing whether there's a rapid reaction within one day even though you haven't controlled for whether there was a statement two days before that also might have had an effect?

MS. POSNER: Objection.

A. Here's where I think we're sort of tacking past each other a little bit, is that in the circumstances where I've seen evidence of multiple-day reactions, and I'm not in any way suggesting that happens routinely as your question put it, but in the cases where I have seen that, typically what is occurring is an event occurs, there is a rapid reaction on day one, but then there's some residual continued reaction beyond one day.

When analyzing whether that specific information caused a price reaction, one might want

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to take that into account or would want to take that into account. That's a different question than, is there economic evidence of rapid price reaction, because even in that particular circumstance, if I measure the day one reaction, I will see that the event caused a reaction.

Q. Have you seen any reason -- do you have any reason to believe that in connection with Miller Energy's securities, it should take more than a day for the price to react to new news?

A. I haven't seen anything that suggests it would take more than a day to initially react, but I did note that plaintiffs have alleged certain disclosures where they're suggesting the price reacted over several days. But that's not something I've evaluated whether that's the case or not.

Q. You talked about complex types of announcements where it might take the market more than a day to figure out what it's about. Do you remember that?

A. Yeah, to fully reflect all the full value of the information. I'm not suggesting it would take more than a day for an initial reaction

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to occur, but it might, as I would describe it, for the price to sort of settle out or fully reflect the information.

Q. Do you have any reason to believe that any of the news in connection with Miller Energy is that type of complex news that might take longer to absorb?

MS. POSNER: Objection.

A. I haven't evaluated that specific question.

Q. So going back to the question of whether it might take more than a day for a market price to react, it sounds like you would consider that to be a rare instance if it's an efficient market?

MS. POSNER: Objection.

A. I just want to be careful the record is clear. When you say takes more than a day to react, I'm not suggesting an initial reaction would take more than a day. I'm saying the full price reaction might take over a day.

I don't know that I would characterize it as rare. I've certainly seen examples of it, but I haven't computed how often it occurs or

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anything like that. I know there is one study out there by NERA that suggests that on average, for events at the end of -- I believe their study was looking at the end of class periods in class action securities cases, but they had evidence that, on average, it took somewhat more than a day for the full price reaction to take place. I think -- I forget exactly what the average was, but I think it was between one and two days.

Q. So would it be fair to say that in the instances where a material announcement -- let me start over.

Would it be fair to say that in the instances where in an efficient market a -- I'm going to strike that and start over again.

Would it be fair to say that in the instances where an announcement of new news takes more than a day to be absorbed by the market, you would expect at least an initial reaction on the first day of trading after the announcement?

MS. POSNER: Objection.

A. In the vast majority of instances where I've seen this, the answer to that is yes. I can think of a couple of examples I've seen where that

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is called into question a little bit, but generally speaking, when I've seen multiple-day windows applied, there is at least evidence of some reaction on the first day, yes.

Q. So it would be really weird in an efficient market if material news comes out and there's no reaction on the first trading day after that, and then there's a statistically significant reaction on the next day?

MS. POSNER: Objection.

Q. Is that fair?

A. Again, I've seen some weird examples where information comes out in a form that is not widely available and it doesn't come out in a widely available way until a day later. So that's something that could influence it.

I've seen examples where news is reported in a foreign language and it's not republished in English in a widely available source until the next day, and so I've seen examples where sometimes stock prices don't necessarily react to that first foreign disclosure of information.

So putting aside those, you know, sort of very unique examples, generally in an efficient

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market, you expect to see a reaction the first day.

Q. So the answer is yes?

MS. POSNER: Objection.

Q. It would be really weird?

A. It would be unusual, in an efficient market, for the market not to react at all the first day in a multiple-day window. Not impossible but unusual.

Q. Looking at your paragraph 17 and 18 in your report, where you're describing some of the general concepts about efficiency, we talked about the sentence where you talk about the securities prices expected to rapidly incorporate new information, and we've also talked about where you describe it as an empirical exercise.

So my question now is, was your event study an attempt to obtain empirical evidence about whether the markets for Miller Energy's securities were efficient or not?

MS. POSNER: Objection to form.

A. Again, I don't think that is a bright line test that definitively tells you yes or no without looking at other information, but the event study methodology was an attempt to develop

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economic evidence supportive of market efficiency, yes.

Q. Would you agree that empirical data that shows that information is incorporated rapidly into the price would tend to show that the market is efficient?

A. Can I have that read back, please.

(Record read.)

A. I think as a general matter, that's true, yes.

Q. Would you agree that if empirical data shows that the information is incorporated slowly into the price, that would tend to show the market is inefficient?

A. I think I would have to understand what you mean by slowly. If you're using it as an antonym to rapidly where I'm saying there's evidence that it reacts within a day or a series of days, then I think the answer would probably be yes, but you're going to have to be a little more specific about what you mean by slowly.

Q. I'm more interested in what you think than what I think. You said rapidly and I'm just wondering in what circumstance -- how slow would

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the markets have to react for you to say this market is inefficient?

MS. POSNER: Objection.

A. Again, I think there's a difference between, and it's an important difference, concluding and reaching a conclusion that the evidence is sufficient that the markets can be described as efficient in the way in which I'm defining them and in a way that Dr. Fama defined them.

There are certainly circumstances where the evidence is insufficient or there's not enough supportive evidence to conclude efficiency where I wouldn't necessarily call the market inefficient, but I would say I don't have sufficient evidence to conclude it is efficient.

And then there's, I guess hypothetically, a situation where the market price reactions are sufficiently deviant from what you would expect in an efficient market that you would call it inefficient, but I'm not sure I've ever come across that in a New York Stock Exchange traded security.

Q. When is the last time you have found

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that the market for a particular security was inefficient?

A. I don't know that I've ever come to the opinion that it's inefficient. I've come to the opinion on number of different occasions that there was insufficient evidence of efficiency for me to opine that it was efficient. That's occurred on a number of different occasions.

Q. How slowly would the market price have to react to news for you to conclude that there's no evidence -- no sufficient evidence for a finding of efficiency?

A. Again, I think you're isolating the analysis to sort of the event study analysis. So there's a lot of different factors to look at. I don't know that I have in mind a threshold of how -- I mean, it would sort of depend on how you're developing the evidence that it was reacting slowly.

So I'm -- I'm a little confused by your question because if -- let's just take a purely -- pure hypothetical where on a consistent basis, the company is releasing obviously new value-relevant news that would change the value of -- that would

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clearly, in any reasonable investor's mind, change the value of a security in a substantial way and you consistently saw the price not react to that within a couple of days and saw the price reacting to it in some consistent way three, four, five days, a week later. That would give me certainly pause or would certainly lead me to a conclusion that it is not efficient in the way one normally thinks about efficient.

It certainly would not be efficient to the degree where I would be comfortable opining that it's efficient. Whether that means it's inefficient in that it -- I guess by this definition, it would be, so by the definition I'm using, it would be, because it doesn't rapidly reflect the prices, but I have not seen a circumstance where that sort of evidence is available.

Q. This methodology that you're proposing here and opining on is intended to be a scientific, reliable methodology; right?

A. Absolutely.

Q. And you're saying you're examining, testing the question of whether markets are

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reacting -- market prices are reacting rapidly to new information. Is there some predetermined, knowable threshold where an objective observer can look and say, okay, here's how I know if this expert would find that there's efficiency and here's how I know they would not find that, in advance, are there some criteria?

MS. POSNER: Objection.

A. I think the criteria that I'm using to provide scientific evidence is laid out in my report. It's taking a series of days on which there's news and a series of days on which there's no news and performing a comparison of what I'll call the treatment group, which is days with news, and the placebo group, which is days of no news, and showing that there's a statistically significant difference between those two samples and, therefore, showing scientifically beyond -- with confidence beyond the standards that are typically used in my scientific field, that there are -- there is evidence of price reactions within a day.

So I don't think I've ever -- I don't think in this case, I ever got to the question of

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how -- what would happen if that weren't true.

I mean, that's what the evidence shows, so I mean, if the evidence didn't show that, and if there was no evidence of stock price reactions within a day, then I would have to move to looking at the other factors. I would have to determine why was I observing that, you know, is there evidence that it's occurring over multiple days or not for several -- you know, initial reaction is not for several days, but I never got to that question because the scientific evidence here is clear that there's a demonstrable cause and effect relationship between new news and the price of the securities I've been asked to look at.

Q. You found that in the 17 instances where there were earnings releases, in four instances, there was a statistically significant price movement the next day; right?

A. I believe that's right, but let me just double-check. Yes, I believe there's two more that are significant at the 90 percent level, but there were four that were significant at the 95 percent level.

Q. And in each of those instances, you

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were assuming that those price movements were a reaction to the earnings announcement the day before as opposed to anything that might have been said the day before the earnings announcement; correct?

A. That's the assumption used in the analysis, yes.

Q. But you testified earlier that there could be instances where new news might have an effect on day one and a residual effect on day two as well; right?

A. It's plausible in certain circumstances.

Q. Is it possible that any or all of those four or six instances where you found a reaction to the earnings announcement might have actually been a reaction to something that happened the day before the earnings announcement?

A. I looked carefully enough at these dates that I don't believe, for any of these dates, that's a plausible explanation. For each earnings announcement, I studied the analysts' reports and the other news surrounding those days, so I'm not aware of a circumstance where in this particular

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case, for any of these particular dates, where that was a real concern.

Q. Your methodology treated each price reaction as a reaction to the news on the day before and did not evaluate in any way whether that price reaction might be the residual effect of an announcement the day before that; correct?

MS. POSNER: Objection.

A. Well, I want to be a little bit careful. You're using the term "day before." Some of these announcements are in the evening of the day before and then I'm testing the next day. Some of these announcements are the in the morning.

Q. I'm pretty sure you know what I mean; right?

A. Yes, I know what you mean. I just want the record to be clear that I'm testing the first trading day where that information could have impacted the market. And like I said, I don't think I'm just assuming it. I looked at each of these dates and the news surrounding it, and I don't believe on any of these dates there was clear material news the day before the earnings announcement, but I don't have perfect recall of

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everything, but I would have looked at that issue.

Q. This was important to you because those are the four of 19 instances that you referred to repeatedly through your report and you use it in your bar charts and you use it everywhere; right?

MS. POSNER: Objection. Misstates the report.

A. I don't know that I use it everywhere. There's a table that I find four of the 17 significant and I state that in the text as well.

Q. Did you look at the question carefully? Let me rephrase that. For the 17 events that you address in your event study for the common stock, did you look carefully to make sure you were getting the right dates?

A. Yes.

Q. Because that's important to your analysis?

A. Yes.

Q. I want to ask some questions about the Cammer factors so why don't you turn to page 14 of your report. The first factor you have listed here is trading volume. How significant is trading volume as one of the factors?

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A. I'm not sure exactly what you mean by how significant, but I generally think actual trading volume is an important and one of the more direct tests of market efficiency. Without actual activity on a market, it's hard to conclude it's efficient. So I think it's important.

Q. And would trading volume, standing alone, be enough to be defining efficiency?

A. I don't think there's any of the tests that standing alone are bright line tests of efficiency. I think the combination of stock trading on the NYSE, with high -- reasonably high trading volume, goes a long way towards a stock being efficient because that implicitly means it's meeting a number of the other categories, so -- but standing alone, can you scientifically say that's evidence, determinative evidence of efficiency? No.

Q. Let's talk about analyst coverage, Cammer factor number 2. You have this beginning on page 16.

A. Okay.

Q. Can you explain why analyst coverage is relevant to your analysis?

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A. Sure. I mean, in paragraph 33, I quote a Cammer decision which I understand is a well-recognized decision that laid out a number of these factors initially. And then in paragraph 34, I describe why, as an economist, that factor makes sense to me as something to look at.

In paragraph 36, I describe why sort of a narrow focus on just analysts is not necessarily the right thing to look at because there are so many different ways that people can get information. But that looking at analysts' reports is a -- does provide some evidence supportive of efficiency.

Q. Does the number of analysts covering a particular security matter?

A. Again, the notion of the factor is, is there evidence that there's interest in the company and its securities and that there's an active market for information. So I don't think the numbers is as important as the --

I mean, the essence of the factor is that is there evidence of sufficient interest in the stock, and so the Cammer decision said it would be persuasive to allege a significant number of

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securities analysts. It's not suggesting there's a big difference between are there 15 analysts or 16 analysts or three analysts or four analysts.

It's less of a strict correlation than is there just qualitatively evidence that there are analysts covering the stock.

Q. Would you say this factor weighs in favor of a finding of efficiency if an insignificant number of analysts are covering a stock?

A. I don't know how you would define insignificant. I certainly think it would not weigh towards efficiency if there weren't any analysts covering a stock or there was just one. What significant means, I'm just not sure.

Q. You've quoted this language here that says that it would be persuasive to allege a significant number of securities analysts. What is your view of what a significant number of securities analysts would be?

A. I guess I don't have a specific threshold in mind. I mean, in this particular case, as I've identified on Exhibit 4, there were 15 separate analysts that issued reports on the

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stock. At least a half dozen issued more than ten reports on the stock, and as I also note, my source for analysts' reports certainly doesn't cover all of the analyst reports that may have been out there, so the evidence in this case was sufficient that there was, in my view, a significant number of analysts covering the stock and I didn't need to think exactly what that threshold was.

Q. So you don't have a preset idea in your mind about what would be a significant number in a particular context, but you think that 15 certainly meets the threshold? Is that what you said?

A. I think 15 certainly meets that threshold. I think as long as there's evidence of significant analyst coverage of a company, that this factor supports market efficiency, and I demonstrate that there was significant analyst coverage during the analysis period.

Q. You said if there was only one analyst, that wouldn't be significant, and 15 is significant. Can you give us any closer idea of where the threshold would be for significance in your mind? 5, 12, 10, 14, 2?

A. Again, as I describe within this

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section, you know, focusing on the specific number is not really even what the Cammer factor was really getting at.

The question is -- as an economic matter, if you look at the language in the Cammer factor, it says, "The existence of such analysts would imply, for example, the auditor reports were closely reviewed by investment professionals, who would in turn make buy/sell recommendations to client investors."

Now there are many different outlets for people to get information about companies and analysis of companies, not just analyst reports. So again, I think the -- there could be an over-focus on just the number of analyst reports, so I don't have in my mind a very specific threshold.

And the relevant question is, is there evidence that there was significant analyst coverage of Miller Energy securities during the class period, and I concluded there was.

Q. Do you remember my question?

A. I think the question was, is there a specific number that I have in mind when thinking

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about what significant means.

Q. So is it yes or is it no?

MS. POSNER: Objection. Asked and answered.

Q. I think it's no.

A. I don't have a specific number in mind. Again, I believe I've answered the question in my report whether there was evidence of significant analyst coverage during the analysis period.

Q. You've said one is not significant, 15 is significant, and you can't be any more specific than that?

MS. POSNER: Objection.

MR. BALLARD: This is your chance.

MS. POSNER: Objection.

A. I'm not offering a bright line threshold for what is significant and what is not significant.

Q. Does quality of the analyst coverage matter?

A. Theoretically it could.

Q. Not all analysts are equal; right?

A. That's correct.

Q. So one analyst might work for a massive

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brokerage and that analyst report might be distributed to thousands of people, whereas another analyst might work for a tiny shop that has three clients and that analyst report might be distributed to three people who don't really trade much; right?

MS. POSNER: Objection.

Q. So it matters?

MS. POSNER: Objection.

A. What you're saying is plausible. There's other analysts who release their reports publicly, and I don't know -- I'll leave my answer there.

Q. What is your definition of an analyst for this purpose?

A. Well, for this purpose, my methodology was to download reports from Investec, which is a service that provides downloadable analyst reports, so I would have pulled down the reports that are on that service.

Q. Do you know all these entities? I'm looking at Exhibit 4 of your report.

A. Some of them I'm familiar with. Some of them I'm not.

C. Coffman

Q. Some of them you've never heard of before; right?

A. I don't know that I've never heard of them before, but they're not that familiar to me.

Q. What is SADIF Analytics?

A. I don't know.

Q. Do you know the name of the analyst, if there actually was one there?

A. Not as I sit here, no. I would have to go back and look at it.

Q. Are you confident that there was an actual analyst with a human being behind each of these entities here?

MS. POSNER: Objection.

A. If you're asking me if there's an individual analyst that is putting their name on the report, I just don't recall.

Q. Do you ever make any effort to distinguish between analyst reports that are created by actual human beings who create analyst reports versus machine generated things that are just spit out by computers?

MS. POSNER: Objection.

A. Within the context of this analysis,

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given the number of reports that were here from entities I am familiar with, I didn't make an attempt to do that. In the past, I would say there is a qualitative difference between those things.

Q.   Would you typically exclude machine generated analyst reports from this kind of analysis?

A.   I don't know if I would typically exclude them.

Q.   Should they be excluded?

A.   I don't know that they should be excluded. I think, you know, at an extreme, if that was the only -- if the only evidence of analyst reports were those types of reports, that would -- that would be something I would certainly consider and I would view that as less qualitatively good evidence of analyst coverage. But that wasn't -- I never really got to that question in this case because it's clear there were dozens of high-quality analyst reports issued during this period on Miller Energy.

Q.   You've never looked at how many of these analysts, these entities you list as analysts, were actually machine generated things?

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MS. POSNER: Objection.

A. Well, I don't know that I ever -- I don't know that I performed a quantification of that, but in looking through the analyst reports in this case, I mean, there were certainly I believe examples of that, but I think there were lots of examples of analyst reports with -- from firms I recognize as well.

Q. Do you know what Wall Street Transcript is?

A. I believe that specific report in this case is the transcript of an interview somebody had with an executive from Miller Energy. That's my recollection of that.

Q. So how is that an analyst report?

A. Well, a lot of analysts, important information in a lot of analyst reports is when they have discussions with management. So an interview by management to me is clearly providing new relevant information to the market, and so I didn't see a problem in treating that as an analyst report.

Q. You would treat a word-for-word transcript of an interview with the CEO of Miller

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Energy as an analyst report?

MS. POSNER: Objection.

A. It's certainly evidence of interest in following the company and what the company is saying about its business. It's not what I would consider a traditional analyst report in the case of, you know, an analyst providing a buy or sell recommendation, but it's certainly a report that is providing important information to the market.

Q. The Wall Street Transcript shouldn't be on your list here; should it?

A. I disagree.

Q. It's your expert opinion that the Wall Street Transcript listed on your Exhibit 4 is an analyst report, that's your testimony as an expert sitting here under oath?

A. I'm saying -- I think I've said in my prior answer it's not what would be considered a traditional analyst report, but it's certainly a source of information and much of what analysts do is provide information, including results of meetings with management of public companies. So the transcript of an interview somebody had is providing useful information to the market.

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I would agree that it's not what is traditionally considered an analyst report but I think it's relevant to list it on this exhibit.

Q. Don't companies, when they make statements like that, file them in Form 8-Ks typically?

MS. POSNER: Objection.

A. Sometimes they do.

Q. So why don't you --

A. Let me finish my answer.

Q. Go ahead.

A. There are certainly times they do. There are times that statements and interviews or presentations by companies are not in 8-Ks.

Q. When a company makes a public statement and discloses it in an 8-K, why don't you include that as an analyst report?

A. Because that's not a third party showing interest in the company.

Q. So you would say there's something substantially different between this Wall Street Transcript publication and a company filing a public statement, the same public statement, with the SEC?

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A. Again, it's a third party spending economic resources to go out and perform an interview and report it to the market. So that is demonstrating interest by a third party in the securities of the company and the company, itself.

Q. Do you know if you have any entities on your list here that are double counted?

A. What do you mean by double counted?

Q. When a company changes its name.

A. I don't think any of the reports are double counted.

Q. You said there are 15 analysts covering this stock. If one of them is an entity that simply changed its name, it should be 14; right?

A. That's possible. I don't know that I can exclude that possibility, but again, I think the point of this analysis was not to create a perfect list of the analysts and the reports. It was to evaluate whether there is evidence of significant analyst coverage and I believe I've done that, and I've attempted to quantify, you know, the number of reports and list who the companies were that purportedly issued those reports, and so I think I've done a fair job at

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showing what data I relied upon to reach the conclusion that there was significant analyst coverage.

Q. What was the first date of your analysis period?

A. I believe it's August 29, 2011, but let me double-check that. Yes, August 29, 2011.

Q. How many analysts were covering the stock on that date?

A. I don't know that I specifically know the answer to that. I know on that date, I believe, or right around that date, there was a conference call where there were -- there was at least one analyst who announced and at least a second one who was asking questions on the call, but I don't know that I have a -- there may have been others. I just don't know.

Q. On August 29, 2011, the beginning of the analysis period, excluding machine generated junk --

MS. POSNER: Objection.

Q. -- how many analysts were covering the stock; do you snow?

A. I don't know specifically how many were

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covering the company because again, as I said, to conclude that there was significant analyst coverage during the analysis period, I pulled down the complete list of what is listed in Investec I know that is an under-representation of all analyst reports so I don't have a specific number.

Q. If there was only one analyst covering the stock for the first, say, full year of the analysis period, that would be an indication that this factor should count against efficiency; correct?

A. Can I have that read back, please.

(Record read.)

A. I think if there were a single analyst covering the stock for some period of the analysis period, it would be fair to say that factor alone doesn't provide supporting evidence. You would still want to look at all the other factors, so I don't think that counts towards inefficiency. It's not some indicator of inefficiency, but I think that would be fairly weak evidence in terms of that factor, in isolation, providing economic evidence of efficiency.

Q. Did you see any analyst reports

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dedicating to covering the preferred stocks?

A. I don't recall seeing any reports directly covering the preferred stocks independent of the common stock. I think there were analysts that talked about the preferred securities in their reports and certainly the information would be relevant to investors in those securities, but I don't recall any analyst reports focused directly on the preferred stocks as what they were offering recommendations about.

Q. You've said the preferred securities are a hybrid between equity and debt; right?

A. I think generally I described preferred securities that way and I think -- I think that's a fair characterization, is there are equity-like features of the preferred securities and debt-like features of the preferred securities.

Q. So would it be the case that as to the preferred securities of Miller Energy, concepts like credit rating and probability of default, loss rates, recovery rates, those would be relevant factors for investors in those types of securities?

A. I think those -- could I have that read back, please.

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(Record read.)

A. I think that's true. I think those factors would be important to common stockholders as well because to even get value to the common stock, you would want to consider those sorts of things.

Q. Did you see any analyst reports covering Miller Energy that analyzed those concepts during the analysis period with regard to Miller Energy's preferred stock?

A. I don't know that they analyzed issues like that specifically just with regard to the preferred stock, but I think analysts certainly were focused on the company's liquidity issues and what the liquidity issues meant for the company's ability to generate value and go on as a continuing going concern.

So I think the issues discussed by the analysts were exactly the issues that would matter to preferred security holders as well. I don't recall them specifically talking about some of the areas you mentioned.

Q. Would it be fair to say that the analysts reports you identified in your report do

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not cover the debt component, the debt component of the preferred securities?

A. I don't have perfect recall of all the analyst reports as I sit here. I do believe at times they discussed the company's ability to continue paying the preferred dividends, which is a debt-like feature, like a coupon on a bond, although it obviously had different features in that it's not mandatory to pay at a particular time, but I do believe the analysts were certainly discussing the company's liquidity and ability to continue paying those dividends. That's my recollection.

Q. I know you said earlier you evaluated the common stock and Series C and Series D independently. As to the analyst coverage element, however, you lumped them together; right?

A. Well, I didn't -- well, I mean, the same analysis applies to all three so in that sense, I lumped them together, but I thought about it independently for each.

Q. Well, I meant you literally lumped them together in Exhibit 1, because you combined the columns for the three securities and you put one

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entry there.

A. Well, yeah. As I just said, I used the same evidence as supporting evidence, but I did, and I believe it's reflected in my report, but I believe I had some footnotes that talked about how those analyst reports also pertained to what investors in the preferred securities would care about.

Q. If I pull out one of these analyst reports, would you expect it to have like a price target for the common stock?

A. Many of them do, not all of them.

Q. Do any of them have price targets for the preferred?

A. I don't believe so, no. I don't recall seeing that.

Q. In your report at paragraph 36, you indicate that there has been a significant increase in alternative methods by which publicly available information about publicly-traded securities is disseminated to investors. And then you refer to several things, the Internet, 24-hour cable news networks, e-mail, RSS feeds, and other media.

Do you see that?

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A. Yes.

Q. Were those important to consider and if so, why?

A. Well, I think it's important to consider that since the Cammer decision, there's less reliance on analysts to get information. So again, when you read the text of the Cammer decision that I quoted there, it's talking about how people could review the auditor reports and the financials.

I mean, now, you can go on the SEC's website and download all the SEC filings yourself at no cost, almost instantaneously, so back when I started doing this work and even in 1995, you would have to contact a third-party service and get information faxed to you.

So, I mean, there's just been an explosion in the ways people can get information about companies and do their own evaluation and work without relying on analyst reports to get that information.

Q. On the SEC website, how long has that system been in place where you can go on and get access to SEC filings?

C. Coffman

A. I don't recall. I know it has been improved over time too, but I don't know exactly how long that has been in place.

Q. Was it available through the analysis period?

A. Yes.

Q. So in your event study, you had this process where you looked at days where there was an earnings announcement. You compared those with no news days; right?

A. That's part of what I did. I think for preferred securities, I looked at dates other than earnings announcements, but yes, I was looking at news days versus non-news days as a general matter.

Q. So part of what you did is you figured out, okay, what are the days when there was no news related to Miller Energy; right?

A. Yes.

Q. So for the common stock, for example, there was 300 and something of those no news days; right?

A. I believe it's 194, is the specific number that I'm looking at.

Q. I think you're looking at the

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preferred.

A. I'm looking at the preferred, you're right. Yes, 318 days, and again, it's not to suggest there wasn't some news article out there that just used the word Miller Energy or something like that. We looked at primary sources and whether there were SEC filings or evidence of analyst reports, so that's how we defined what a no news date is, but yes.

Q. So if there was an SEC filing, then it was not a no news day; right?

A. I believe we -- again, there are lots of different types of SEC filings, I think we looked at 10-Ks, 10-Qs, 8-Ks, I forget the exact list, but correct, there was not what would normally be considered an SEC filing with information investors would focus on.

Q. If there was an analyst report, that was not a no news day?

A. Correct.

Q. If there was a news article about Miller Energy, that was not a no news day?

A. Based on the news search criteria we performed, that's correct.

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Q. Did you use the Factiva database to identify what days were news days versus no news days?

A. That was part of it, yes.

Q. What else did you use?

A. The EDGAR website and the Investec search that I described.

Q. Going back to your report at paragraph 36, where you talk about all these other new forms of media like the Internet, and 24-hour cable news, and RSS feeds, and e-mail and other media, did you do anything to figure out whether there was new news on any of these sources on any days to determine whether they were news or no news days?

A. I didn't specifically look beyond what I just described. I mean, to the extent that there was a news day that we missed a story for some reason or something that investors were interested in, that would tend to bias against the finding of market efficiency because it would be biasing upward the chance of observing a stock price movement in the no news sample or the placebo sample.

So while it's plausible that the

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construction of that sample isn't perfect, to the extent what you're describing occurred, it would bias against my finding.

Q. Well, I'm not asking about bias. I'm asking about methodology. In paragraph 36, you seem to be saying that there are new means of communicating that are important; right? And you've listed them.

And if they're important, why aren't they all considered in your analysis when you go about trying to figure out what days are days with no news?

A. I think we're talking about -- a little bit, talking about two different things, which is, I'm saying in paragraph 36 there's a multitude of ways by which people could get information about companies, not necessarily that there would be new news.

So when I'm referring to the Internet, for example, I'm referring to the fact that you can go to the SEC website or other websites, finance websites, and get information about a company without having to wait or rely on an analyst report.

C. Coffman

Certainly, when I'm referring to 24-hour cable news networks, that reflects there can sometimes be interviews or news about a company that way. You're right, my methodology doesn't search that out unless there was -- unless whatever that was was newsworthy enough to generate news articles or analyst reports following on that news.

You know, RSS feeds are generally used to download news, so to the extent there was a meaningful news story published, my method would probably pick that up. To the extent people are getting information via e-mail from investment advisors, et cetera, that may not relate to new news.

So I'm really talking about two different concepts here. In paragraph 36, I'm talking about how investors access information, not necessarily new news.

Q. Well, in fairness, in paragraph 36, you write, "There has been a significant increase in alternative methods by which publicly available information about publicly-traded securities is disseminated to investors," and then you give those examples; correct?

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A. Yes. So I'm including in that somebody going to the SEC website and downloading information about a company. So information -- in that case, information is being disseminated in a way that doesn't rely on an analyst report and that's a way that is new since 1989, so that's all I'm saying, is that people can get information from a lot of different sources.

Q. In paragraph 37, you write that "The ability to trade online is available almost instantaneously via the Internet for anyone with an online brokerage account."

Was that true with respect to the securities at issue in this case?

A. I didn't perform any tests of that in this particular case, but I see no reason why it wasn't true for the securities in this particular case that are NYSE-traded securities.

I'm familiar with the fact that you can go online and purchase NYSE-traded securities through a brokerage account online and get current bid-ask market prices, et cetera, instantaneously, so I have no reason to think it wasn't.

Q. So it's your expectation that if

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someone wanted, during the analysis period, to buy Miller Energy common stock, they could go into their Charles Schwab brokerage account and buy it; right?

A. Yes.

Q. And the same would be true for the Series C and Series D preferred?

A. I believe that's true.

Q. Do you know how the online brokerages fill orders?

A. I'm not familiar with all the ways they do it. In my experience, if you place, at least with the securities I've dealt with, if you place a market order on an online brokerage, it tends to get filled very quickly.

I have some understanding that they have some electronic exchanges where things get filled, but whether they also rely on specialists to a certain degree, I just don't know. I don't know the mechanics of all the things they do.

Q. So they could get the shares with some online platform with the New York Stock Exchange or some specialist or from their own inventory or through a third party, you just don't know?

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A. Yeah, and there's multiple exchanges too that you can transact on, so there's a whole host of ways that type of order can get filled. And I don't know the -- all the underlying mechanics for different types of brokerage houses.

Q. In the middle of paragraph 37 of your report, you indicate that there are numerous SEC filings available online in the SEC EDGAR database at no cost. Do you see that?

A. Yes.

Q. That's the database you were referring to earlier where folks can go on and have access to SEC filings from public companies; right?

A. Yes.

Q. That was available through the entire analysis period?

A. As far as I know, yes, I believe it was.

Q. And if the market was efficient, would you expect information filed publicly on the SEC EDGAR database to be rapidly incorporated into the price of the security?

A. Generally speaking, yes. I think you can posit examples where it might not be immediate

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or within one day. For example, if there's some key piece of information buried deep in a filing that no one really points out until a day or two later, there can be some time that evolves, but I think generally speaking, things on EDGAR are considered publicly available and widely available and you would expect the market to react to it relatively quickly or rapidly.

Q. Can you turn to page 19 of your report, please. We're going to turn to the Cammer factor number 3 for market makers. Do you have that?

A. Yes.

Q. Can you just explain generally how do market makers work?

A. Are you asking that specific to on the NYSE or an over-the-counter market or just more generally?

Q. We can say NYSE.

A. Okay. I mean, my understanding is that on an NYSE-traded security, there are designated specialists who make markets, meaning that they stand ready to buy or sell the security at a given bid-ask price. There can also be other market makers that are participating by posting quotes

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either on the NYSE or other exchanges throughout the country where the security can trade.

So to me it refers to third parties who are essentially making a market by offering quotes in the market.

Q. Do you know who the market makers were for Miller Energy's securities?

A. Not as I sit here, I don't know the particular firms or names of who the market makers were, no.

Q. Do you know how many there were?

A. I think there's a function within Bloomberg that you can ask how many market makers there were for common stocks, so for the common stock, I believe there were 73 different market makers listed for the class period, for the analysis period. I cite that in Footnote 41. And I'm sorry, let me take a step back.

The data for that, that's why I had 41 is -- the data for that was only available starting January 1st, 2014. But by -- as I describe throughout this factor, by virtue of trading on the NYSE, there's essentially a guarantee by the exchange that there's a specialist who is serving

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as a market maker at all times.

Q. Aside from the designated market maker that every New York Stock Exchange stock has, do you know at this point the identity of any other market makers for Miller Energy's preferred stock?

A. No.

Q. Do you know if there were any market makers for Miller Energy's preferred stock?

A. I don't know that for certain. Again, I think it's critical to understand that the Cammer factor, itself, talks about counting market makers as a relevant thing to do in over-the-counter markets without volume reporting.

That's certainly not the case for Miller Energy securities. They did trade on the exchange and I showed, in fact, for one, there was substantial volume so there was a lot of market making activity going on in all three securities. But I don't specifically know the identity or number of market makers for the preferred securities.

MR. BALLARD: Let take a short break.

THE VIDEO TECHNICIAN: We're going off the record. The time is 11:07 a.m.

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(Recess taken.)

THE VIDEO TECHNICIAN: This begins Media Unit No. 2. The time is 11:20 a.m. We're back on the record.

Q.   Mr. Coffman, do you still have Exhibit 25 in your hands?

A.   I do.

Q.   Turning to page 21, you have a section here on Cammer factor 4, SEC Form S-3 eligibility; right?

A.   Yes.

Q.   And toward the end of paragraph 45, you indicate that "Eligibility to file a Form S-3 is confirmatory evidence of efficiency, not a requirement. Interpreted in this way, the standard makes sense as an indicator of efficiency."

What did you mean by that?

A.   I guess I mean that looking at whether a firm is Form S-3 eligible is a fairly indirect measure and is essentially, based on the logic in the Cammer factor and as I describe here, it's a proxy for the quantity of publicly available information about a company that is outstanding.

So again, if a company is not S-3

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eligible, that certainly doesn't scream inefficiency simply because it's a fairly indirect measure, but when they are eligible, again, it's I think a confirmatory factor, but certainly not a bright line test for efficiency.

Q. So in your opinion as an economist, it's a factor that is at least indirectly relevant and so you do look at it to determine whether it supports or doesn't support efficiency?

A. I think that's fair, yes.

Q. At the beginning of the analysis period, Miller Energy was not eligible to use Form S-3; correct?

A. That's my understanding, correct.

Q. For how long, at the beginning of the analysis period, was Miller Energy ineligible to use Form S-3? Do you need some help?

A. Give me just a second. I mean, I don't know for certain off the top of my head what the date was. I believe it was after they filed their 2011 10-K, but I just don't recall specifically. I don't know what the date of that was or if that was the precise date that they became S-3 eligible.

I know for certain they did issue S-3s

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during the class period so certainly by the time they did that, they were S-3 eligible.

Q. Maybe I can help you. You do say in paragraph 45 that among the requirements to be eligible is the requirement that the company had filed all documents in a timely manner for the past 12 months.

A. I see that.

Q. So does that help you determine how long they were ineligible at the beginning of the proposed class period or the analysis period?

A. I haven't determined precisely when they met that requirement. It was certainly by September 6, 2012, because they filed an S-3 at that time, but precisely which date they became S-3 eligible, I don't recall.

Q. Was it not important to you for how long they were ineligible?

A. Again, given that the essence of this factor is, is there sufficient information available about the company, I mean, I acknowledge in my description that they weren't eligible for certain portions. So obviously during those portions, I wouldn't point at this factor for those

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particular periods as providing independent support for efficiency, but certainly during the analysis period, for most of it, they were S-3 eligible.

Q. So would you say that this factor supports your finding of efficiency for the portions of the analysis period when the company was S-3 eligible only?

It's not a trick question.

A. I understand. I think it would be hard to say, during the periods that it was ineligible, that you would look at this factor independently as providing evidence of efficiency.

Over most of the analysis period, it's clear they were eligible and it does provide that support, but when they were ineligible, technically this factor doesn't support that.

Q. You can confirm that Miller Energy was ineligible for the first full year of the class period; correct?

A. I don't know that I could conclude that, no.

Q. In paragraph 45, you indicate that one requirement is that the company had filed all documents in a timely manner for the past 12

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months; right?

A. Yes.

Q. Do you know what started the class period in this case, the proposed class period? Are you aware that the class period began with the filing of the Form 10-K, the second amended version of the Form 10-K?

A. That does ring a bell now. I recall there being an earnings announcement. I wasn't -- yes, I believe -- now that I'm thinking about it, yes, that does make sense.

Q. So now you can confirm that, in fact, the company was ineligible to use Form S-3 for the first full year of the class period, correct, proposed class period?

A. I believe that's probably correct, yes.

(Exhibit 26, Second Amended Form 10-K for Miller Energy for the period ending April 30, 2011, marked for identification, as of this date.)

MR. BALLARD: Let's mark this also as 27.

(Exhibit 27, detail printed from the EDGAR website for Second Amended Form 10-K

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for Miller Energy for the period ending April 30, 2011, with filing date of August 29, 2011, marked for identification, as of this date.)

Q. We've handed you Exhibit 26 and 27. Do you recognize Exhibit 26 as the second amended Form 10-K for Miller Energy for the period ending April 30, 2011?

A. I certainly recognize it as the 10-K covering the fiscal period April 30, 2011. Maybe you could help me find the date that this was filed on here. It looks familiar, but I'd like to confirm.

Q. I anticipated you might have that question so we've handed you Exhibit 27, which is the detail printed from the EDGAR website for this filing and if you look at the top left, do you see a filing date of August 29, 2011, accepted in the morning at 7:46 a.m.?

A. Yes, that appears to indicate that's when it was filed.

Q. So turn, if you will, in Exhibit 26, to the page number 22.

A. Okay.

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Q. At the top of the page, there's a heading, "The staff of the SEC has determined that certain of our Forms 8-K related to acquisitions were made in fiscal year 2010 and our Form 10-K for fiscal year 2011 are materially deficient which will adversely impact our ability to raise additional capital."

Do you see that?

A. I do.

Q. If you look three lines down, there's a sentence, "Until such time as we file audited financial statements, the staff has advised us it considers these Forms 8-K to be materially deficient and that it will not waive the financial statement requirements. As a result, we are unable to utilize Short Form Registration Statement on SEC Form S-3."

Do you see that?

A. Yes.

Q. So this would confirm that at the beginning of the analysis period, the company was not eligible to use Form S-3; correct?

A. Yes.

MR. BALLARD: You can set that aside.

C. Coffman

Mark this, please.

(Exhibit 28, Form 10-K for Miller Energy for the period ended April 30, 2012, marked for identification, as of this date.)

(Exhibit 29, detail printed from the EDGAR website for Form 10-K for Miller Energy for the period ended April 30, 2012, showing filing date of July 16, 2012 at 5:17 p.m., marked for identification, as of this date.)

Q. I'm going to hand you what we have now marked as Exhibit 28. Does this look to be the Form 10-K for Miller Energy for the period ended April 30, 2012?

A. Yes.

Q. And for the filing date, let me hand you Exhibit 29. From Exhibit 29 can you determine when Exhibit 28 was filed and accepted by the SEC?

A. It appears it was filed on July 16, 2012. It appears to be after market hours on that date.

Q. At 5:17 p.m.; right?

A. Yes.

Q. And is it your understanding that that's when this was filed and available on the

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EDGAR system?

A. That's my general understanding. I don't know all the precise mechanics of when it becomes available, but my understanding is that that reflects essentially the time it was filed with the SEC.

Q. Can you turn to page 19, please. The page numbers are a little hard to find but 19 is at the top of the page on the left-hand side. Yours is single-sided and mine is double-sided so it won't --

MS. POSNER: Is it the page that starts in bold "CIE Operations"?

MR. BALLARD: I have a page before that that looks like that.

MS. POSNER: So you want that little --

MR. BALLARD: That's the carryover page.

A. I think I've found the beginning of page 19. There's a bullet point starting "Merge or Consolidate"?

Q. I think we are probably in the same place.

A. I'm on what I believe is 19.

C. Coffman

Q. That's it. Okay. So page 19, do you see a heading, "Our business and stock price could be adversely affected"?

A. Yes.

Q. It goes on, "if we're not successful in enhancing our management systems, accounting, controls and reporting performance." Right?

A. I see that.

Q. Two paragraphs down, there's a statement, "The staff of the SEC has determined that certain of our Forms 8-K related to acquisitions we made in fiscal year 2010 are materially deficient which will adversely impact our ability to raise additional capital."

Do you see that?

A. I do.

Q. And then in the next paragraph, four lines down, there's a statement, "As a result, we are unable to utilize the Short Form Registration Statement on SEC Form S-3." Do you see that?

A. I see that, yes.

Q. So does this confirm that as of July 16, 2012, Miller Energy was still unable to utilize Form S-3?

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A. It seems to indicate that, yes.

Q. You can set that aside. Now at some point in time Miller Energy regained its ability to file on Form S-3; right?

A. Yes.

Q. But then at some point, the company lost the ability again; right?

A. I believe that's the case, yes.

Q. Do you know when Miller Energy once again lost the ability to use Form S-3?

A. I believe at some point late in the analysis period, they disclosed to the market that they couldn't file one of their filings on a timely basis, so my understanding is that probably triggers the ineligibility to file S-3, but I don't recall the specific date as I sit here. I mean, I can try to look for it in my report. I don't know if it's there.

Q. You're aware that eligibility to file on Form S-3 requires that a company maintain a certain float, right, excluding stockholders who are affiliated?

A. That's my general understanding, is there are some requirements for public float or

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market cap, yes.

Q. If the affiliated float drops below $75 million, the company loses its eligibility; correct?

A. As I sit here, I don't recall the exact numbers, but I believe there are those types of conditions.

Q. Do you know when Miller Energy's non-affiliated float dropped below $75 million?

A. I mean, I could try to figure that out, but I don't know precisely as I sit here.

Q. Do you have a rough estimate of when that occurred, even if you just narrow it down to a year?

A. As I sit here right now, I can't because I don't remember if the criteria is specific to just the common stock or includes the non-affiliated float of all their publicly-traded securities.

Q. Okay, but as you think about it now, has it become clear to you that at some point Miller Energy became ineligible again to file on Form S-3 because its market cap dropped below the threshold?

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A. That is certainly plausible, yes.

Q. And from that point forward, through the end of the analysis period, the company remained ineligible to use Form S-3; correct?

A. I don't know if the prices went back up for some period of time where they would have become eligible, but certainly at some point that's true.

Q. Do you know for how much of the analysis period Miller Energy was ineligible?

A. I think for the first year, and then for some period towards the end of the analysis period, it was not. Based on looking at my Exhibit 13, I believe they would have been eligible at least, based on the market cap limit, up through sometime during the fourth quarter of 2014.

Q. Let me stop --

A. But beyond that, I don't know precisely.

Q. Now we may have used this 2014 -- when you said fourth quarter 2014, are you talking about through April 30, 2014?

A. No. I'm talking about the calendar quarter of fourth quarter 2014.

C. Coffman

Q. I just want to be clear because earlier we talked about the years and how we're defining them. So in this instance, you're talking about fourth quarter of calendar year 2014?

A. Correct.

Q. You're looking around October, is that correct, when the market cap dropped significantly?

A. Yeah. What I'm saying is the market cap is clearly over $100 million, really over $150 million, prior to sometime in it appears to be around November 2014.

Q. So we've got a chunk at the beginning and a chunk at the end where the company is ineligible.

A. That's my understanding, yes. That's consistent with what I said in my report.

Q. Well, in your report, if you look at paragraph 46, the last sentence, you wrote, "Miller Energy meets this Cammer efficiency factor, which supports the conclusion that Miller Energy securities traded in efficient markets"; right? That's what you wrote?

A. I think I acknowledged in Footnote 44 there were portions of the class period that they

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were not eligible to file S-3.

Q. My quibble is in this sentence you're treating it as a binary question, yes or no, it either supports or doesn't support efficiency. That's what that sentence reads to me. Is that not what you intended?

A. I think it's fair to say that over a substantial portion of the analysis period, they met this Cammer factor and it supports the conclusion that they traded in efficient markets.

I agree with you at a technical level over periods where they weren't S-3 eligible, if you were sort of tallying up the factors that support efficiency, I wouldn't necessarily put this factor in that column.

Q. So, for example, for the first year of the proposed class period or the analysis period, this factor does not support a finding of efficiency; correct?

A. I don't think it provides any evidence of inefficiency, but I would not say that it provides affirmative support of efficiency.

Q. So maybe in paragraph 46, we should read this to have a qualifier at the end, during

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certain portions of the analysis period; correct?

A. I think read together with Footnote 44, it's clear that I'm saying that this was true over a large portion of the class period, analysis period, but it's not true during some portions, that's correct.

Q. Let's move on and talk a little bit about the preferred stock again. Do you know if Miller Energy offered any preferred stock using Form S-3?

A. As I sit here right now, I don't recall if they used S-3 as support for that offering.

Q. Are you aware that there are eligibility requirements for Form S-3 that relate both to the company, the registrant, as well as the security, itself?

MS. POSNER: Objection.

Q. So there are market cap requirements for the company and there are market cap requirements for the actual security for purposes of S-3; right?

A. As I sit here right now, I don't recall that level of detail.

Q. Let's talk about Cammer factor number

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5, and you call this price reaction to new information; right?

A. Yes. I think I also refer to it as cause and effect in other places.

Q. All right. And in paragraph 47 of your report you write "The fifth Cammer Factor relates to how the price of the security reacts to new company-specific information and states," and then you have a quote here. That quote is from economic literature; right?

A. No. That's from the Cammer decisions.

Q. That's from Cammer. Okay. So in 47, you quote Cammer for the proposition that "One of the most convincing ways to demonstrate market efficiency would be to illustrate, over time, a cause and effect relationship between company disclosures and resulting movement in stock price."

Did I read that right?

A. Yes.

Q. Do you agree that this is one of the most convincing ways to demonstrate market efficiency?

A. I think it's one of the most direct methods of showing it, so yes.

C. Coffman

Q. So among all the Cammer factors, this is one that is more, as opposed to less, direct?

MS. POSNER: Objection.

A. Yeah. I would never say it's the only factor or that it's determinative by itself, but I would say it is one of the most -- it is the most direct test, yes.

Q. In paragraph 48, you refer to something called an event study and then in 49, you talk a little bit about what an event study is; right?

A. Yes.

Q. And in paragraph 49 you write "An event study is a technique used to measure the effect of new information on the market prices of a company's publicly traded securities."

Why new information?

A. Because to the extent information that is being reported is not new or unexpected in some way, you wouldn't expect it to change investors' valuation of the company.

Q. If it's old information that came out a month ago, it should already be incorporated into the price; right?

A. Yes. You have to be careful sometimes

C. Coffman

about context, so just as a hypothetical, a company announces that it has a billion dollars in cash, and then the next period, based on what had transpired, the market would have expected it to grow in some substantial way and they come out and say again that our cash is a billion dollars.

Technically, those are the same pieces of information but it really does provide new information in terms of context. You have to be a little careful about how you talk about old information, but generally, if the information isn't really introducing anything new and value relevant to investors you wouldn't expect it to move the stock price.

Q. You refer to specifying a model with expected price movements, conditioned on outside market factors, and then you explain in the subsequent paragraphs of your report. Right?

A. I explain that in the section, yes.

Q. Can you just explain generally how you go about testing whether there's a deviation from expected price movements and whether it's sufficiently large to exclude randomness.

A. Are you talking about an individual day

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coming from an event study?

Q. As a general matter.

A. Sure. Well, because there's multiple different tests that are relevant in what I'm doing, so if you're testing the statistical significance of a given day, you estimate what you expect the stock price movement to be based on the movement of the independent factors you're controlling for.

You then observe what you -- what the actual stock price movement was, and then you compare those two to create what is called an abnormal return, which is the unexpected portion of the price movement given the control factors, and then based on the empirical data of how volatile the stock is, those abnormal returns are over the estimation window, you can evaluate whether what you're observing on a given day is sufficiently far from zero that you would not expect to observe that by random forces alone.

And then if you observe that it falls outside the 95 percent confidence interval of what you would expect by randomness alone, you draw an inference that the new information that was

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revealed caused the price movement.

Q. The independent factors you controlled for here were movements in the S&P 500 and oil prices; right?

A. A measure of oil futures, yes.

Q. In paragraph 50, you talk about your cause and effect analysis and you mention you performed an event study, and then you say you evaluated whether Miller Energy's common stock reacted to earnings announcements in a manner significantly different from how the stock moved on days when no Miller Energy-related news came out. Right?

A. Right. So now, just to complete my previous answer, the other statistical test I performed, beyond just looking at statistical significance on individual dates, is whether the results on earnings dates are statistically significantly different than the results on no news dates. So that's a separate statistical test that's part of the event study methodology I performed.

Q. I'm sorry. What was the first statistical test?

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A. Testing whether an individual day was -- how you determine whether an individual day is statistically significant, and then there's a separate statistical test of are the news days that I'm identifying different than the no news days I'm identifying.

Q. But the first statistical test you referred to, testing whether an individual day was statistically significant, that alone doesn't tell you anything about market efficiency, right, in the absence of the second test?

A. I don't know that it tells you nothing. I think in the -- certainly in the past, that's how many experts looked at market efficiency, was to identify days where there was news and evaluate whether there was a statistically significant stock price movement and use that as evidence for market efficiency.

Certainly when you observe that, it's consistent with market efficiency, so I don't know whether I would say it's no evidence. I'm saying my methodology is to go beyond that and say let's look at a sample of days with news and days with no news.

C. Coffman

Q. In this case, as you say, you looked at earnings days versus no news days and that was an important part of your analysis; right?

A. Yes, that's an important part of my analysis. I'm just saying the first part isn't devoid of information.

Q. Let me ask you this. If you hadn't done the earnings days versus no news days analysis, and you had none of that available to you, would you have been able to reach a conclusion on cause and effect?

A. Possibly. I mean, I haven't really considered how precisely I would have done that without that type of test, but one could have looked at other days to see if there was market price reaction. I mean, I'm not saying there aren't alternative ways to look at it, but what you're describing is an important part of what I'm doing.

Q. So the way you did it here was to compare earnings days with no news days?

A. Yes.

Q. There might be another way to do it, but that's how you did it here and that's how you

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got to a conclusion; right?

A. That's the evidence that I'm using to support my conclusion, yes.

Q. So Exhibit 7, for example, on the common stock, that contains the essence of your analysis on the cause and effect relationship in this case for the common stock?

A. I think it's really Exhibit 7 and --

Q. And 8?

A. -- and 8, but that's not to say there isn't other relevant evidence you could draw from the event study I performed, but that's the test I'm performing that I'm relying on that supports my conclusion at this time, yes.

Q. Exhibit 7 and 8 contain the actual test and analysis you used to draw your conclusion. You're not excluding the possibility that if you looked at something else, you might have found something else to look at, but that's what you used in this case?

A. In terms of analyzing cause and effect, yes.

Q. On that comparison between earnings announcement days versus no news days, how did you

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select or why did you select earnings announcement days for that comparison?

A. Because that's something that there's an abundance of academic literature that studies how earnings announcements can and often provide important firm-specific information relevant to investors in valuing stocks, so there's a -- and it's an objective set of dates to test.

Every company has to issue earnings announcements on a quarterly basis, so it provides a regular objective set of dates to test.

Q. Have you ever used any other set of dates, like 10-Ks, or all news dates, or some other measure?

A. Well, yeah. I mean, in this case, for the preferred securities, I look at other types of dates, and there have been other cases where I've looked at certain other types of dates.

For example, in certain cases involving biotech companies where the company is really pre-revenue or pre at least significant revenue, and the company is valued much more on how it's proceeding through the clinical trials and the regulatory process, then, you know, the public

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statements about their progression through that process actually provide a lot more information about value than earnings event dates.

So there are certain times and certain cases where I've looked beyond earnings announcements. It's not to suggest earnings announcements are the only thing you can look at. It just provides an objective set of data that makes sense to look at.

Q. Don't companies sometimes give guidance such that analysts can have a pretty good idea of where earnings are going to be before the earnings are announced?

A. Well, I think sometimes they provide guidance well ahead of earnings announcements. So there are a lot of times that companies will have earnings that are consistent with prior expectations and, therefore, the stock price wouldn't necessarily be expected to react significantly, but it's still providing important firm-specific information.

And, you know, sometimes they offer pre-announcement, pre-announce earnings, you know, before the official earnings announcements, and

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those would be important dates to look at too or could be important dates to look at.

So I'm not saying earnings announcements are the only dates you could look at, but it provides an objective set of dates where there's often firm-specific information being provided.

Q. If you have a stock with a bunch of analysts covering the stock and they have got analyst reports out in the market all the time and they have their models and they're predicting what earnings will be, can't you have a situation where the markets are very well aware of what the expected earnings release will be before it comes out?

A. Well, yeah, but just because there are expectations, and you're right, there often are expectations out in the market as to what the earnings will be, that doesn't mean the earnings will necessarily be what those expectations are, nor does it mean that there can't -- even if the earnings are around what was expected for the current quarter, that the company can't provide either updated guidance on other qualitative

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information or other information about the company that affects the market's perception of the value of the company.

So it's not even just about the earnings. There's lots of information that is potentially revealed on earnings announcement dates. And you actually see it fairly often that the market isn't surprised by anything in the earnings announcements and, therefore, it doesn't react in a statistically significant way. That happens all the time.

Q. Are you saying that you would expect the markets to be more likely to react on earnings release days than on no news days, even though in many instances there should be no reaction because there's no real new news?

MS. POSNER: Objection.

A. Again, I think it would be odd for there to be no real new news. I mean, even when a company meets expectations, they're providing clearly relevant information on how the company is performing, and they could be providing other information beyond the earnings numbers that is relevant to investors.

C. Coffman

Again, it doesn't necessarily mean that all that information would necessarily cause an expected statistically significant stock price movement, but certainly much more often than a no news day, yes, because it's a day on which the company is regularly providing material new firm-specific information.

Q. In paragraph 54, you talk about your regression model for the company stock and you indicate that you used a window of 120 trading days. Do you see that?

A. I do.

Q. Can you explain that?

A. Sure. So this is a methodology I often use in this context. When you're doing a event study, there is some subjectivity in choosing what period over which you're estimating the expected price movements.

I cite to some particular literature that suggests for an event, a daily event study, the market model parameters could be estimated over the 120 days prior to the event. That is essentially a six-month time period, which means you're using data that is fairly close to the event

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of interest and not going so far back that the circumstances would be expected to change in a -- as if you were using a five-year period, but at the same time gives you enough data to be -- provide a powerful sample of data from which to draw a conclusion.

So it's a -- I generally adopted this approach consistently across cases where it makes sense.

Q. And you came to the conclusion it made sense here?

A. For the common stock, it did. For reasons described later in the preferred section, I don't believe it made sense for the preferred securities, but for the common stock, yes, it did.

Q. I want to back up for a second to paragraph 43 where you talk about the oil price index.

A. Yes.

Q. And then you indicate that you chose that rather than using a group of peer firms, but then there's a footnote where you say you did a sensitivity analysis of some sort to see if it made a difference; right?

C. Coffman

A. Yes.

Q. And I think you concluded that it did not materially alter the results when you did the test to see if you used the peer firms?

A. Right. Certainly over -- in terms of the overall conclusions, it did not affect anything. Obviously, on any given day, it may have affected something to a certain extent, but the overall conclusions of the report were no different.

Q. Do you remember any of the details of that analysis?

A. I remember looking at it, but I don't remember specific numbers from it.

Q. Did you perform like a similar kind of an event study with respect to peers -- what did you perform in that analysis?

A. Yeah. I performed essentially the same analysis that is described here, as I say in Footnote 52, once using the industry index as a replacement for the oil price index and once using the industry index in addition to the oil price index.

Q. Did you include any of those analyses

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or data or findings in your report or exhibits?

A. I don't believe I reported the specifics of those results in the report, no.

Q. Do you still have them?

A. I believe so.

REQ MR. BALLARD: Can I have them?

MS. POSNER: We're happy to take your request under advisement, to the extent it wasn't included in the materials we provided.

REQ MR. BALLARD: It would be good to have it. It's cited in the report so I would like to have the backup for that.

MS. POSNER: Why don't you make a request and we will take it under advisement.

MR. BALLARD: I just did.

Q. In paragraph 55, you indicate that "There is a positive correlation between Miller Energy common stock and the control variables. In other words, the movement of the market index and oil price index helps explain the price movements in Miller Energy common stock."

A. Yes.

Q. So the common stock at least was sensitive to changes in the price of oil; is that

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right?

A. That's correct, yes, overall. I think it varied in importance over time, but my understanding is the common stock was influenced by the price of oil, yes.

Q. And the preferred stocks were also sensitive to the price of oil as well, right, particularly toward the end of the period?

A. Certainly toward the end of the period. I think early in the period, for reasons described in my report, it was likely not sensitive to oil prices in a -- on a day-by-day basis because when the preferred's were trading as if -- where there weren't huge liquidity concerns about the company, and the value of the preferred's is based primarily on the payment of the dividend, you wouldn't expect that to necessarily be sensitive to the price of oil.

Q. Whereas on the common stock, you concluded that there was a consistently positive relationship between the general market of the oil price index and the price of Miller Energy common stock; right?

A. Yes. I think if you look at Exhibit 5,

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there was one very tiny portion early in the analysis period where the coefficient was negative, but generally speaking, over the class period, it was positive and it was more sensitive toward the end.

Q. You're talking about Exhibit 5 to your report; right?

A. Correct, yes.

Q. And you're just seeing this anomaly where it drops below zero for a short period of time at the beginning?

A. Yes.

Q. But otherwise, the price of Miller Energy's common stock was very much dependent on the price of oil?

MS. POSNER: Objection.

A. I don't know what you mean by "very much," but it makes sense, as a matter of economics and the results I see, that the common stock price would be sensitive to the price of oil.

Q. Tell me just generally, what is Exhibit 5 intended to show?

A. It shows over time the results of the rolling regression model I describe in my report,

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what the sensitivity is of the common stock price to the independent control that is being used.

So it shows -- the blue line reflects the coefficient for the S&P 500 Total Return index and the purple line reflects that for what I'm using as the oil price index.

Q. So why don't you give us an example. So if -- what does it mean to say that the coefficient for one of those variables is, say, 1.6?

A. Sure. So at that point in time, that is suggesting that over the previous 120 days, the model is telling you that for every 1 percent change in the price of the S&P 500, you would expect a 1.6 percent change in the price of the common stock.

Q. And the same applies for the oil index, you're just looking at the other line on here?

A. Yes.

Q. Thank you. Earlier you mentioned the 95 percent confidence level. Can you explain what that is?

A. Sure. I mean, generally in the field of statistics, it's if you're performing a

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statistical test and have an assumption about the distribution of what you're measuring, it's asking whether your observed data falls outside the range of what you would expect by range of chance with 95 percent confidence.

Q. Is the 95 percent confidence level routinely used in this type of case?

A. Yes. There are other levels that I've seen used both in securities litigation and also in the relevant economic literature, but 95 percent is often used, yes.

Q. Is that what you used typically?

A. I think it, as a matter of financial economics, makes sense to point out and it's reliable to draw inferences even at the 90 percent level, but I use 95 percent as the threshold that I'm describing in this report.

I mean, I show where results are significant at the 90 and 95 percent level, but my opinion is that, you know, my -- the results suggest that there's a cause and effect relationship well above the 95 percent confidence level.

Q. So your opinion in this case is based

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on the results you show at the 95 percent confidence level?

A. Again, I'm concluding market efficiency in part based on cause and effect analyses that have statistical significance over 95 percent. I'm not suggesting that if it were over 90 percent, that that doesn't provide important scientific evidence, but in this particular case, I'm saying that the results are significant at well over the 95 percent level.

Q. Is the 95 percent confidence level what you typically see in the academic literature?

A. I think you see both. I think when somebody -- I think it's clear when somebody is talking about statistical significance and not specifying a particular level, they're usually referring to a 95 percent level, but if you look at the academic literature in the area of financial economics, there are inferences drawn at the 90 percent level all the time.

Q. So in paragraph 59, you say you analyzed cause and effect and you examined the price response of Miller Energy common stock to the 17 earnings announcements that occurred during the

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analysis period, which you describe as an objective set of dates.

Do you see that?

A. Yes.

Q. And again, I think you said that this was the heart of your analysis at least on the cause and effect factor?

A. For the common stock.

Q. For the common stock, yes, and then for the preferred, we would have to look at different exhibits where you did a different analysis?

A. Yes. The selection of the dates was different on the preferred for reasons described in my report as to why the preferred wouldn't necessarily be sensitive to earnings -- the earnings announcements.

MS. POSNER: Just for clarity, you said Exhibit 7 and 8 when you were testifying earlier about this.

MR. BALLARD: Good point, 7 and 8.

A. Yeah, and there's also obviously detail in the text and charts in the text related to that.

Q. And I understand there's extensive, you know, backup data you've produced with the

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underlying data, but I'm just talking about if you want to direct someone to the essence of your analysis and conclusions with respect to whether there's a cause and effect relationship for the common stock, Exhibits 7 and 8 are the best places to look; right?

A. I think that provides a fair representation or summary of what I -- of the results I obtained and what I'm basing my opinion on, but again, it's discussed in more detail in the text and I provide other graphical ways of depicting that data in the text.

Q. In paragraph 60 of your report, you give an example here. You write, "Considering the fifth earnings release listed in Exhibit 7 as an example, the company announced negative fourth quarter results for the fiscal year 2012 due to high operating loss. In response, the market price of Miller Energy common stock decreased 7.13 percent compared to the predicted return of 1.35 percent and had an abnormal return on July 17, 2012, of -8.48 percent. With a t-statistic of -2.54, this abnormal price movement is statistically significant and I therefore have

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scientific evidence that Miller Energy common stock reacted rapidly to this new information."

Did I read that correctly?

A. Yes.

Q. So in your opinion, is this strong evidence that the price of Miller Energy's common stock declined in a statistically significant way in response to the disclosure of the company's Q4 and year-end results for the fiscal year 2012?

A. I think that's certainly part of what it was reacting to. The test would incorporate any firm-specific information that was available included in the filing or any other firm-specific information that was released on that day.

So, for example, there could have been qualitative disclosures as well, so I wouldn't read this to be saying that it's specific necessarily to the fourth quarter results as much as the mix of information that was released as part of that earnings announcement.

In other words, I'm not disaggregating whether it was the fourth quarter results or some other information as part of that earnings release as part of this analysis.

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Q. It could have been the year-end results, it could have been the fourth quarter results, it could have been some commentary included in the release, it could have been anything, but you are saying it was a statistically significant reaction to whatever came out that day; right?

A. Yes. I don't know that I would distinguish between the full year and the fourth quarter because the full year is just incorporating things that already had been released, but aside from that, yes.

Q. So when you're talking about the fourth quarter earnings release, you're really talking about a release that included both the fourth quarter as well as the full year results?

A. It included that. I'm just saying that the results for the first three quarters wouldn't be new news at that point.

Q. In Footnote 59 on this page, you indicate "It is not unusual to have occasional earnings announcements that are not statistically significant."

What did you mean by that?

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A. I think that reflects what I was describing in one of my prior answers, which is that to the extent the earnings announcement is consistent with market expectations or that there's a mix of positive and negative information, it's not unusual at all to see earnings announcements where there is not a statistically significant stock price movement because there is not a sufficient change in the mix of value-relevant information in order to generate a significant change in the price.

Q. Just to be clear, are you saying it is not unusual to have occasional earnings announcements that are not statistically significant even for a security that trades in an efficient market?

A. Yes.

Q. What do you mean by occasional in that context?

A. I don't -- I wasn't trying to convey any particular quantification there. In fact, it's probably not a great word to use because it's actually more than occasional. It happens quite often.

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Q. The overwhelming majority of Miller Energy's earnings releases didn't result in a statistically significant reaction; correct?

MS. POSNER: Objection.

A. That's true, yes. And I see that in a number of different cases and I think there are specific reasons why that -- in the context of this case, why that's not surprising.

Q. In this case, 13 of 17 earnings announcements did not result, by your analysis, in a statistically significant change in the price of Miller Energy's common stock; is that right?

A. That's correct, and as I just said, I think there's a lot of important reasons why that is not a surprising result even in an efficient market.

Q. What are those reasons?

A. Number one, as I've explained in prior answers, just theoretically, there's nothing suggesting that all earnings announcements should be statistically significant, especially if the earnings are within the bounds of what was expected or there's a mix of positive and negative information.

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Second, in this -- for this particular company, early in the class period or analysis period, the nature of this company is that its value, at least perceived market value, is based on the amount of oil in the ground that it expects to extract, and very early in the analysis period, the company is just preparing to extract it and putting capital expenditures in place to be able to do that.

And so the specific earnings numbers that are given early in the analysis period may not move the needle very much in terms of how people would value an oil company whose primary assets are the oil still in the ground. And then towards the end of the analysis period, when the stock price is trading at a very low value, even analysts are talking about the stock price is really an indicator of the option value that the company is going to survive.

And so immediate short-term earnings are less important than the general liquidity issues that the company was facing and so you wouldn't necessarily expect the stock price to be overly sensitive or highly sensitive to earnings.

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So there are specific case-specific reasons why that result is not all that surprising, as well as the initial reason I gave, which is just as a theoretical matter, every earnings announcement wouldn't be expected to be statistically significant.

The relevant point is, and that is the purpose of the analysis, is to say even given those things, is it clear that there's evidence of cause and effect for the earnings announcements relative to the no news dates, and there clearly is.

Q. Going back to the broad approach that you're using, you're comparing earnings announcement days with no news days. And I thought you said the rationale for that is, well, you would typically expect earnings announcements that contain material information might move the price, whereas you would expect the price not to typically move where there's no news.

A. Right. I think "might" is the important word in that sentence. It's that on earnings announcement days, it's much more likely that firm-specific information is reaching the market that might cause a statistically significant

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stock price movement, but it doesn't mean that it is always receiving information that would move the stock price movement.

I think generally speaking, there is material information released on earnings announcement dates, but that information, as some of your questions have suggested, might be reaffirming for the market what is expected and therefore might not move the stock price.

And again, even though in this case we see a substantial proportion of the earnings dates not being significant, we see a much greater than you would expect by randomness alone are statistically significant.

Q. 14 out of 17 were not statistically significant here, by your analysis.

MS. POSNER: Objection.

Q. Right?

A. 14 of the -- I'm sorry. 13 of the --

Q. 13 of the 17 were not statistically significant according to your analysis. It just doesn't sound occasional to me.

A. Again, I agree with you that 13 out of 17 is a substantial proportion, but that that's not

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the relevant -- that's not the relevant statistic to focus on when evaluating whether this is providing scientific evidence of market efficiency, because there are all sorts of reasons you wouldn't expect every single earnings announcement to yield a statistically significant stock price movement.

And as I previously testified, my use of the word "occasional" doesn't really have a quantitative number attached to it, and I provided a number of case-specific reasons why I'm not surprised at all that a substantial number of the earnings announcements in this case weren't statistically significant.

Q. I'd like to direct your attention to paragraph 62 of your report.

A. Okay.

Q. In paragraph 62 of your report you refer to the 318 days during the analysis period where there was no Miller Energy-related news, analyst reports published or SEC filings issued.

So in your analysis, there were 318 days where there was no news during the analysis period; right?

A. Based on the searches we conducted,

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that's correct, yes.

Q. And that was over how many total days in the analysis period?

A. I can't give you a precise number, but eyeballing, if that's just under five years, on average, there's about 240 to 250 trading days a year, so somewhere over 1,000, maybe 1,100, something like that. I don't know. It's obviously ascertainable from my backup material but roughly speaking, it's probably in that range.

Q. So to find the number, all I have to do is look at the analysis period and figure out how many trading days there were in there?

A. Yes.

Q. You're not counting Saturdays or Sundays or days when the market is closed?

A. Correct.

Q. For each of those days when you were determining whether there was a reaction in the price of the common stock, you looked at the next trading day; right?

A. Well, or whatever the next trading period would be. So if the news was issued in the evening after market hours, I would look at the

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next day. If it was during market hours, I would look at the same day.

Q. And if it was before market hours, you would look at the same day?

A. Same day, yes.

Q. And that's the same methodology you used for the earnings announcements when you looked at whether they led to a reaction on the stock price?

A. Yes. Well, in this case, there's no news so we're essentially saying there was no news over the period where that day would have been the relevant day to consider.

Q. I see. So if I take, I don't know, take January 5 as a date, for that to be a no news day, there would have to have been no news coming out on January 4th or before the market opened on January 5?

A. Well, after the market on January 4th, or January 5 before market or during market hours.

Q. Got it. So in your report, at paragraph 62, you indicate that during the analysis period, you found a statistically significant price reaction at the 95 percent confidence level on

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23.53 percent of the earnings announcements compared to 4.4 percent of the no news days; right?

A. That's correct, yes.

Q. So that's the key comparison for your analysis of the common stock; right?

MS. POSNER: Objection.

A. That is one of the key comparisons. I also compare not just the proportion of days that are significant, but also the size of the stock price movements and the volume on those days as well, but for comparing the proportion of statistically significant days, that's the key comparison, yes.

Q. And in Footnote 61, you indicate the difference between 23.53 percent and 4.4 percent -- let me start over.

You indicate in Footnote 61 that the difference between 23.53 percent and 4.4 percent is itself statistically significant at the 95 percent confidence level; right?

A. Yes.

Q. Can you explain that?

A. Sure. So that's -- so I performed a statistical test asking the question of, if these

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two samples really were identical, and then you expect -- and that there was no impact of news on the stock price, you would expect that proportion to be the same.

And so I'm asking are these proportions sufficiently different that you can reject random just noise in the data as the cause? And the answer to that is yes, you can reject that random noise as the cause, and so there is scientific evidence that the earnings announcements have a greater propensity than the no news days to have statistically significant stock price reactions.

Q. The 23.53 percent is basically 4 divided by 17?

A. Yes.

Q. So if there had been three earnings announcements that led to a statistically significant price movement, that would have been 3 divided by 17 or 17.65 percent; right?

MS. POSNER: Objection.

A. I would have to use a calculator to get your answer, but it would be 3 divided by 17.

Q. And if it was 2 out of 17, you would use the same procedure, it would be 2 divided by 17

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and the percent would be 11.76 percent? That's the idea?

MS. POSNER: Objection.

A.   That's the idea, yes.

Q.   Of how you calculated it anyway?

A.   That's the idea of how you calculate the proportion, itself. There's more that goes into how you statistically compare the difference, but that's how you calculate the proportion, yes.

Q.   You can't just eyeball it to see if it's statistically significant, you have to actually test it?

A.   Yes.

Q.   If I want to go find the days that you have identified as the 318 no news days, where do I go to find that?

A.   It's in our backup material, in my backup material.

Q.   I'm going to hand you what we previously marked as Defendant's Exhibit 3 which is a copy of the Second Amended Complaint in this case. Have you read this?

A.   Yes.

Q.   You're aware that this is the current

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complaint in this case; right?

A. That's my understanding, yes.

Q. Would you turn to page 74. Do you see paragraph 200 on that page?

A. Yes.

Q. In paragraph 200, plaintiffs allege that "On December 24, 2013, a report entitled 'Miller Energy: Digging Itself Into Another Deep Hole' was published by TheStreetSweeper."

Do you see that?

A. I see that.

Q. Was December 24, 2013, a news day or a no news day in your analysis?

A. I would have to look at my backup material to determine that.

Q. Sitting here today, you don't know?

A. I don't know.

Q. Do you have anything with you today that would allow you to check that?

A. No.

Q. You didn't bring a laptop or anything with the date on it?

A. No.

Q. Should December 24, 2013 have been

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treated as a no news day?

A. I don't know. It may depend on when this particular report was issued to the market. I know December 24th is Christmas Eve. Some years Christmas Eve, I believe, is a non-trading day. Sometimes it closes the -- the market closes early on that day, so to know for sure, I would have to do a more detailed analysis of when this report came out.

Q. Look at paragraph 205, please. There are allegations here about the price of the common stock falling from the period December 23 to the date December 26. Do you see that?

A. I see that.

Q. Does that help you determine whether December 24 should be a news or a no news day?

A. I don't know because I can't read from this whether December 24 is a trading day or not.

Q. If December 24 was a trading day, should it have been treated in your analysis as a news day or a no news day?

A. I would have to investigate further if there was a way to tell what the timing of the issuance of that report was.

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Q. Do you know if -- let me back up. You said that you relied on certain sources to determine what days were news days and what days were no news days. I think you said Factiva, SEC filings, and something else.

A. Analysts reports.

Q. Anything else?

A. As I sit here, not that I can recall. To be absolutely sure, I would want to look at my backup, but I don't believe so.

Q. So if the December 24, 2013 report published by TheStreetSweeper didn't turn up in the Factiva database and didn't turn up in the list of analyst reports and didn't turn up in the SEC filing, your methodology would not have captured it and included that as a news day; correct?

A. That's possible. Whether we took into account this particular report is something that I would have to go back and look at my backup to determine.

Q. If you go back and look at your backup and you determine that December 24 was treated as a no news day, would you say that's a mistake?

A. Not necessarily. It would depend on

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the timing of when that report was issued.

Q. If the report came out during the business day, would you say it's a mistake?

A. By business day, do you mean during market hours when the market was open?

Q. Trading day. Yes.

A. I mean, it's possible. Again, given that the denominator in my calculations is 318, changing one day wouldn't be expected to change anything material, but, you know, based on additional information, it may be that one day would be better treated as a news day rather than a non-news day. Without investigating it specifically I just don't know.

Q. Well, I'm not really asking about whether changing one day would affect the results. I'm asking about your methodology, and it seems like your methodology took into account certain things like Factiva, but it didn't necessarily take into account things like what the complaint in this case was alleging.

MS. POSNER: Objection.

Q. So I'm wondering whether your methodology night need a little bit of refinement.

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A. Again, determining whether this particular report should have been treated as news on that particular day is something I would have to investigate.

Q. With a securities fraud case based on allegations about stuff being said to the market or not being said to the market, I mean, wouldn't the complaint be a pretty important thing to consult on what would be a news day versus a no news day?

A. I don't normally rely on the complaint as a fact about when certain things were disclosed. I usually verify that myself, so -- but like I said, whether this report was part of what was considered or wasn't considered, I just don't know as I sit here.

Q. If you, in your analysis, missed a news day that was identified in the complaint in this case as a news day, what does that say about your methodology?

A. I think that suggests possibly that it's not absolutely perfect. Again, I wouldn't expect something like that to -- an individual day to impact the overall conclusion, and I believe the methodology I've used to identify news days is

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generally reliable.

Also, to the extent a news day was treated as a no news day, again, that would tend to bias towards -- against finding the conclusion of efficiency, because it would include dates in the no news that were more likely to have price movements.

Q. You do want the data to be right; right?

A. That's absolutely the intent, and I've designed a methodology that I think is generally reliable for classifying news days and no news days. That methodology, which relies on certain sets of information, may not in every single circumstance be perfect.

When you get to a natural breaking point, I wouldn't mind taking a break, but if you have a couple of more questions in this section, I'm happy to continue on.

MR. BALLARD: That's fine. Take a break now.

THE VIDEO TECHNICIAN: We're going off the record. The time is 12:40 p.m.

(Luncheon recess: 12:40 p.m.)

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A F T E R N O O N   S E S S I O N

1:15 p.m.

C H A D   C O F F M A N, resumed the stand and testified further as follows:

THE VIDEO TECHNICIAN: This begins Media Unit No. 3. The time is 1:15 p.m. We're back on the record.

BY MR. BALLARD:

Q. So Mr. Coffman, we talked a little bit about Cammer factor number 5, the price reaction to new information. I believe it spans pages 32 to 39 of your report. Is that right?

A. Yes, that's correct, and the exhibits that are mentioned.

Q. And the exhibits, of course. So is this a significant portion of your report? And I think you already testified that it was one of the more direct factors from among the Cammer factors; right?

A. Both of those things are true.

Q. And now I have a question: If you were to remove that factor and its analysis entirely from your report, so you had been able to do none of the analysis on that particular factor one way

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or the other, if you just removed it and had none of that, would you still have an opinion on market efficiency in this case?

A. I don't know. That's not something I really considered. I mean, there is certainly a lot of evidence in support of market efficiency but that's not something I specifically considered, and frankly, I don't quite understand it, because given that the prices and news were available, I would see no reason to do that. But that's just not something I considered.

Q. Well, let me ask a different question. This is hypothetical. You're okay with that, right?

A. Sure.

Q. So here's the hypothetical. You're able to do an analysis of Cammer factor number 5 on price reaction to new information, but you are unable to find any evidence of a cause and effect relationship. That's the hypothetical.

Would you still have an opinion on market efficiency in this case?

A. Possibly. I just don't know. That's not something that I had to consider and haven't

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considered. As I said, there are a number of other factors that are highly supportive of market efficiency.

It would depend on why I had reached that finding, if it were true that there just weren't any specific news events that would have been expected to move the stock price, you just didn't see any stock price movements during the analysis period, not because there was some suggestion of inefficiency but actually because of the facts of the case, so you know, it's hard to deal with that in hypothetical terms.

Q. Please turn to Exhibit 7 of your report.

A. Okay.

Q. What is Exhibit 7 intended to show?

A. It summarizes the result of the event study for the 17 earnings announcement dates I tested.

Q. For the common stock?

A. For the common stock, yes, thank you.

Q. You have a number of column headings on this chart. The first one is number, the second one is date. That's the date of the event; right?

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A. That's correct.
Q. And then the time of the event is the time during the day obviously; right?
A. Yes.
Q. Market date is the date -- the trading date you looked at; right?
A. Correct.
Q. So just by way of example, in the first item, you have a time of 4:22 p.m. after the markets closed, so you looked at the next day as the market date; right?
A. That's correct.
Q. Whereas, I don't know, look at number 6. The event date is September 10, but it was 8:15 in the morning during the trading day, or before the trading day started, and so you looked at that day, September 10, as the market date; right?
A. That's correct.
Q. So we have your methodology down here. Then you have the event and the headline. That describes the event you're looking at; right?
A. It doesn't really describe the information, the totality of the information provided. It is just meant as a reference as to

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what the main period was and what the name of the headline of the press release was.

Q. I didn't phrase that well. It identifies what the event is. It doesn't describe the content otherwise; right?

A. Not in any level of detail.

Q. The closing price would be the closing price of the common stock on the market date; right?

A. That's correct, yes.

Q. What does the raw return column indicate?

A. The percentage change in the stock price from the prior trading day.

Q. Without controlling for the independent variables?

A. Correct.

Q. So then the volume is just the volume of trading on that day?

A. Yes.

Q. What is abnormal return?

A. The abnormal return is the return after factoring out the market indices described in my report.

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Q. The market indices in this case being the S&P 500 index and the oil and gas futures index?

A. I don't think it's oil and gas. It's the WTI light sweet crude oil futures.

Q. Just the oil index?

A. Yes.

Q. The next column you have on Exhibit 7 of your report is abnormal dollar change. What is that?

A. That's just the percentage return in the prior column converted to a dollar per share figure.

Q. What is the t-stat column?

A. That reflects the results of the statistical test. What it measures is the number of standard deviations away from zero the abnormal return is.

Q. What is sig level?

A. That's just an indicator as to whether the abnormal return that is observed on that date is statistically significant at the 90, 95 or 99 percent level. So if there's one star, it's significant at the 90 percent level. Two stars is

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significant at the 95 percent level, and three stars is significant at the 99 percent level.

I note that Footnote 2 inadvertently left off the description of one star as denoting the 90 percent level, but that's what it means.

Q. If there is nothing in the sig level column, what does that indicate?

A. That indicates that it's not significant at the 90 percent or higher level.

Q. So going back to the market date again, we've talked a little bit about this, but I want to make sure we have a full understanding of this. You looked at the next trading day after the event in question because you were seeking to determine whether the market reacted rapidly to potentially new information. Is that right?

A. That's correct. The first -- I think the way I would phrase it is the first trading session after or during which the release of information occurred.

Q. So if you find that the market reacted in the first trading day, then you might have evidence of efficiency and that's what you're looking for?

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MS. POSNER: Objection.

A. Well, when you say might have evidence of efficiency, I don't think you can -- I'm not doing anything to conclude efficiency or not with respect to any one individual day. I'm looking at them as a set.

Q. Let me ask it this way: If you find that the market reacted in a statistically significant way within one day, that might support a conclusion that the market was efficient, whereas if you were to find that the market reacted slowly, say in three days, that might undermine such a conclusion. Is that fair?

A. But that's -- that test isn't being performed here of whether it's one day or three days.

Q. Understood. I'm just trying to get an explanation as to why you chose the one-day window.

A. To evaluate whether there was evidence of the stock price reacting rapidly.

Q. And you didn't look at whether it took two days for any event to result in a statistically significant price change?

A. Not for the purposes of evaluating

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cause and effect. Again, if I were to be asked a question about analyzing the price impact of a particular event, I might look at different particular event window, but for the purposes of analyzing cause and effect and rapid price movements generally during the analysis period, I looked only at one-day windows. That's correct.

Q. Could you have looked at a two-day window to see if an event had an effect on the price of the stock?

A. That's something you could do. You could look at two-day windows after each event.

Q. But you didn't in this case?

A. No.

Q. Why not?

A. Because for the -- for testing the general proposition of market efficiency, I think a one-day period is more appropriate.

Q. So this Exhibit No. 7 to your report indicates that you found a statistically significant price movement in the common stock in reaction to 4 of the 17 earnings releases at the 95 percent confidence level?

A. At the 95 percent confidential level, I

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found 4. At the 90 percent confidential level, I found 6, yes.

Q. And you're relying on the findings at the 95 percent level for your opinion in this case?

A. That's what I used in Exhibit 8 to perform the statistical task. You could look at the 90 percent level as well, but then you would want to look at the 90 percent level for the no news days as well, so you just have to be consistent.

But in preparing Exhibit 8, I looked at the 95 percent confidence level.

Q. So if the Court wants to know what your opinion is based on here, it's based on the 95 percent confidential level; right?

A. Right.

Q. I would like you to look at Footnote 1 of Exhibit 7, and here you refer to the rolling regression of the previous 120 trading days.

Do you see that?

A. Yes.

Q. That's what you explained earlier, right?

A. I mean, I explained that concept

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earlier, yes.

Q. And here you say the regression model controls for a broad market index, the S&P 500, and then you refer to the NYMEX WTI light sweet crude oil futures index.

A. Yes.

Q. And then you have a sentence that says "Earnings announcements on the alleged corrective disclosure dates and two other outlier dates have been removed from estimation."

Do you see that?

A. Yes.

Q. Start with the alleged corrective disclosure dates. What were the corrected disclosure dates and how did you identify them here?

A. I identified them using the complaint and what dates were described in the complaint.

Q. Do you remember how many there were?

A. Not off the top of my head, no.

Q. We can find them in your backup?

A. Yes.

Q. Why did you remove those days?

A. Because the purpose of the estimation

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procedure is to evaluate the relationship between the -- the relationship between the stock and the independent variables, and to come up with a measure of volatility that is generally in the absence of news, and so those days clearly, whether they're corrective or not, had firm-specific news associated with them or at least allegedly did, so those dates were removed from the estimation window. And just to be clear, they're removed from the estimation window; they're not removed from the dates that are necessarily being considered.

Q. Have you evaluated whether there was a statistically significant price movement on any of the corrective disclosure dates?

A. Well, I think from our backup you could determine that. I don't think I make specific reference to it in the reports except to the extent any of the earnings announcements are corrective disclosure dates, or for the Series C and D preferred, I think some of the dates I analyzed are coincident with alleged corrective disclosures.

But I didn't make an effort to enumerate in the report, because it's not relevant to my opinions, whether the corrective disclosures

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were statistically significant or not.

Q. Have you expressed an opinion in your report about whether there was a statistically significant price movement on any of the corrective disclosure dates?

A. Again, I think based on the model I've run, one can look up in our -- in my backup material whether or not the event study I've performed suggests whether a one-day price movement is statistically significant on those days.

MR. BALLARD: You didn't answer my question. I'll have it read back.

THE WITNESS: Okay.

(Record read.)

A. I think I answered that. I said that -- I mean, to be I guess more direct, I haven't, in the text of my report, offered an opinion about the statistical significance of the corrective disclosure dates, but by virtue of having run a daily event study from my materials, one can see whether a one-day price return around the times of the corrective disclosures is or is not significant.

So one can see that from my backup

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material, but I'm not expressing any opinion about whether the corrective information is either, A, corrective or, B, whether that's the particular information that was moving the price on that day.

But I do provide information in my materials that answers the question of whether there are statistically significant movements on individual days that plaintiffs are alleging are corrective.

Q. So my question was a pretty straightforward yes or no question, and with all due respect, that was a lot of words you just spoke. To be clear, the Federal Rules, I'm sure you are aware, require that your report contain a complete statement of all opinions you will express in this case.

You're aware of that; right?

A. Yes.

Q. Does your report contain an opinion on whether there was a statistically significant price movement on any of the corrective disclosure dates in this case?

MS. POSNER: Objection.

Q. Yes or no?

C. Coffman

MS. POSNER: Objection. You can answer.

A. I was not asked to form an opinion about that question in the preparation of my report, but as part of doing -- you know, my report lays out my opinions on the questions I was asked, and as part of that, it also provides all the data and bases, and I provided backup material that supports those opinions, and I'm saying if you -- if you were to look at my backup material, there is information there that would allow one to answer that question.

So I have not expressed in the text of the report an opinion about the statistical significance of the price reaction to any individual corrective disclosure, but one could read from my material whether there was or was not in the model I've run.

Q. Well, do you have opinions that you formulated in this case that you've chosen to keep out of your report that are in your backup that you expect to express at some later date?

MS. POSNER: Objection.

MR. BALLARD: I just want to know if

C. Coffman

we're being sandbagged with opinions that are out there that are buried in the backup but haven't been put in the report.

MS. POSNER: I don't think he's saying that. I think all he's saying is that there is information in his backup that can lead one to answer the question you asked. He said very clearly he's not giving an opinion as to damages or the statistical significance of the corrective disclosures in his report. Is that accurate?

THE WITNESS: The purpose of my report is to offer the opinions that are summarized in paragraph 7 of my report.

MR. BALLARD: At least you can't get a yes or no answer either.

A. I mean, hypothetically, if you said there's an alleged corrective disclosure on X date, and then you asked me do I have the opinion that there was a statistically significant stock price movement on that date or on the date after, depending on the timing of the announcement, I've done sufficient work and there's material in my backup that I could answer that question yes or no.

C. Coffman

I'm not being asked to offer an expert opinion about what relevance that may or may not have for the case or what it says about damages or loss causation or anything of that sort, but if you're asking could I give an opinion about whether a certain date is statistically significant under my current model of the stock price movements on any given day, I could answer that question.

And I'm relying on that information to draw scientific conclusions so I think the material is there and speaks for itself. So I think I would be misleading to just say no.

Q. In Footnote 1 of your Exhibit 7, in the sentence we looked at a while ago, you refer to two outlier dates.

A. Yes.

Q. What was the first outlier date? Isn't it listed there?

A. It is, yes. I'm sorry, I was just looking at something else. It's the August 29th, 2011 filing of the 10-K.

Q. And you indicated that you excluded that date as an outlier. Why did you exclude that date?

C. Coffman

A. Because there was obvious firm-specific information and associated large stock price movement on that date.

Q. You indicated that on that date or it appears to indicate that on or around that date, there was a market reaction to Miller Energy correcting a misstatement in a 10-K filing after a review performed by an audit committee.

What do you know about that?

A. I just recall there being a revised 10-K being issued and that as part of it, it was correcting a mistake after a review by the audit committee.

Q. So which day -- was it August 29 that was excluded or August 30 or what?

A. I believe it was August 29.

Q. And the other outlier date you list is July 14, 2015; is that right?

A. It's July 15th, 2015, because there appeared to be large continued volatility after the going concern warning that was released on the 14th.

Q. I see, and that warning came out on the 14th after trading hours?

C. Coffman

A. Yes, I believe that's right, but that's -- oh, I'm sorry. Actually, I'm not certain about that. It may be that I excluded the -- what is causing me confusion is the use of the words "continued volatility," so I don't know if that's -- I would have to review the details of that, but there was a -- July 15th was the day excluded.

Q. I think you've already explained Footnote 2 and that we're to read that to include also that one asterisk would denote significance at a 90 percent level; right?

A. Yes. That was a typo of some kind to exclude that.

Q. In this instance on this chart anyway, Exhibit 7, there were no instances where you found statistical significance at the 99 percent confidence level; correct?

A. That's correct.

Q. So I want to focus for a minute on the first event on your Exhibit 7.

A. Okay.

Q. So this relates to the Q4 2011 and year-end results for the fiscal year ended April

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30, 2011; right?

A. That's my understanding, yes.

Q. And you were evaluating whether the market reacted quickly to this new information; is that right?

A. I was evaluating whether there was an abnormal return -- what the abnormal return was on that date and whether it was statistically significant, and I also analyzed what the volume was on that date and the magnitude of the abnormal stock price movement. All those things entered my analysis.

Q. The new information that you were evaluating was the Q4 and year-end results for the fiscal year ended April --

A. That's the reason the date was chosen. That's not to say there couldn't have been other information as well that day, but that's the reason the date was chosen.

Q. The earnings release came out at 4:22 p.m. on August 30, 2011; is that right?

A. Yes.

Q. So the concept is new information came out, as you said earlier, after the market closed

C. Coffman

on August 30, and so you looked to see if there was a statistically significant price movement on the next trading day, August 31; is that right?

A. Yes. And like I said, I analyzed other things as well, but that's one of the things I analyzed.

Q. Did you find that there was a statistically significant price movement in response to the Q4 and year-end results for the year ended April 30, 2011?

A. No.

Q. There was, in fact, no statistically significant price movement; correct?

A. That's correct.

Q. Let's look at event number 5.

A. Okay.

Q. In this instance, you were looking at an event that was the Q4 and year-end results for the period ending April 30, 2012. Is that right?

A. Yes.

Q. And again, you were looking to see if there was a reaction in terms of price or volume or whatever to the new information; correct?

A. That's correct.

C. Coffman

Q. That earnings release came out at 6:30 p.m. on July 16, 2012, and so you looked at the market date of July 17, 2012; right?

A. Yes.

Q. Did you find that there was a statistically significant price reaction at the 95 percent confidence level in response to the Q4 and year-end results for the year-ended April 30, 2012?

A. Yes.

Q. And that was a statistically significant decline in value, not an increase; correct?

A. Correct.

Q. Would you explain the abnormal return figure you have here of -8.48 percent?

A. Sure. That's the percentage change in the stock price after factoring out market and -- the effects of the market index and the oil index.

Q. So the price of the common stock went down by some amount and you're trying to isolate the amount that was abnormal; is that right?

A. Abnormal in the sense that it is attributable to firm-specific information because the idea of the controls is to remove the effects

C. Coffman

of market-wide or industry effects, so the idea is to get a measure of what -- the best estimate of what the firm-specific price movement was.

Q. What does the abnormal dollar change of -37 cents mean?

A. That means that after taking account of the control factors, the stock price fell 37 cents per share.

Q. So the negative numbers here signify that the price of the common stock moved down, not up, in a statistically significant way in response to the disclosure of the year-end and fourth quarter results for the period ended April 30, 2012; is that right?

A. Or other information released on that same day, yes.

Q. Okay. Let's turn to event 13, please. Event 13 relates to the Q4 and year-end results for the period ended April 30, 2014; correct?

A. That's my understanding, yes.

Q. And the new information -- I'm sorry. Strike that. The earnings release that you're examining here came out on July 14, 2014, at 5:33 p.m.; right?

C. Coffman

A. That's correct.

Q. So again, after the market is closed, so your market date is the next day, July 15, 2014; right?

A. That's correct, yes.

Q. And again, the concept is new information came out after the market closed on the 14th, so you looked to see if there were significant changes in price or volume on the next trading day, July 15; right?

A. Well, looked at significant changes in the price and the price level and the volume, not necessarily a significant change in the volume is the way you phrased it. That's really not what we're looking for.

Q. So you're looking at the volume, but you're not looking for whether it's statistically significant, the change from the prior day?

A. Correct.

Q. For event number 13, you found that there was a price movement that was significant only at the 90 percent confidence level, though; right?

A. Yes.

C. Coffman

Q. That's for the Q4 and year-end results the year ended April 30, 2014; right?

A. Or other information released on that day, yes.

Q. That was a decline in value, not an increase, right?

A. Yes.

Q. Could you explain the abnormal return of -5.9 percent for event number 13?

A. Sure. The -5.9 percent reflects that the stock price declined 5.9 percent after factoring out market and oil-related price movements.

Q. Can you explain the abnormal dollar change of -34 cents for event number 13?

A. Yes. That indicates that after factoring out market and industry effects, that the stock price fell by 34 cents a share.

Q. So again, the negative numbers here signify that the price of the common stock moved down, not up, in a statistically significant way in response to a the disclosure of the year-end results for the year ended April 30, 2014; correct?

A. Significant at the 90 percent level,

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yes.

Q. Let's go back to event number 9. For event number 9, the new information you were evaluating was -- for event number 9, the new information you were evaluating was the Q4 and year-end results for the period ended April 30, 2013; is that correct?

A. Yes, or that's why I chose -- the release of that news is why I chose that day, but there could have been other information in addition to that as well.

Q. And you were attempting to evaluate whether the market reacted quickly to whatever information came out that day; is that right?

A. Well, I'm attempting to evaluate the degree to which the market moved within one day. That test alone doesn't tell you whether it reacted -- you can't draw a conclusion about whether the market reacted -- well, the purpose of testing that date isn't just to look at whether it reacted quickly on just that date.

It's to evaluate what the event tells us about how the stock price moved within one trading day, and to use that then to help evaluate

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whether the stock price reacted quickly to earnings announcements more than it reacted to no news days.

Q. Well, the point of looking at a one-day window is to determine whether the prices are reacting quickly to news; right?

A. Generally, yes. Yes.

Q. It wouldn't work if you picked a five-day window; right?

A. You would be looking at something different if you were looking at a five-day window. I guess what I'm saying is that I'm not using any individual date to draw a conclusion about whether the market reacts quickly in a general sense.

I'm looking at it to measure the abnormal return and whether or not that date was statistically significant and the level of volume that occurred.

Q. So for this event, event number 9, you had a date of July 16, 2013, at 10:22 p.m., so you looked at a market date of July 17, 2013; right?

A. That's correct.

Q. Because the 10:22 p.m. was after trading hours on the 16th; right?

A. Correct.

C. Coffman

Q. And did you find that there was a statistically significant price movement at the 95 percent confidence level on July 17, 2013 in response to the Q4 and year-end results for the year ended April 30, 2014?

A. I found a statistically significant result that day, yes. I haven't isolated whether it was due to that particular news or there could have been other news on that date, but I chose that date because of the earnings announcement, yes.

Q. We have now looked at four events on Exhibit 7. Each of them was a fourth quarter and year-end announcement, right, 1, 5, 9 and 13?

A. Yes.

Q. Those were earnings releases for the four years ended April 30, 2011, 2012, 2013 and 2014; right?

A. Yes.

Q. And the earnings release for 2013 is the only one where you found a statistically significant increase in the price of the common stock; is that correct?

A. Yes.

Q. I'm going to hand you what we

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previously marked as Exhibit 14 in this case. Do you know what Exhibit 14 is?

A. It appears to be the 10-K for the period ended April 30, 2013.

Q. This would be the annual results contained -- the annual report on Form 10-K containing the results for the year ended April 30, 2013; right?

A. Yes.

Q. When was this filed?

A. I don't know that I can tell from this document precisely when it was filed.

MR. BALLARD: Mark this, please.

(Exhibit 30, document indicating filing date of July 15, 2013, 5:18 p.m., for April 30, 2013 Form 10-K, marked for identification, as of this date.)

Q. I'm going to hand you what we just marked as Exhibit 30 in this case. From Exhibit 30, can you determine when the Form 10-K for the period ended April 30, 2013, was filed?

A. It appears to be July 15, 2013.

Q. At what time?

A. This suggests 5:18 p.m.

C. Coffman

Q. The Form 10-K for the year ended April 30, 2013, which was filed on July 15, 2013, at 5:17 p.m., contained the year-end results and quarter results for the period ended April 30, 2013; correct?

A. I believe that's accurate, yes.

Q. The earnings release you cite in your Exhibit 7, at event number 9, was dated July 16, 2013, after hours, but the information had already been publicly disclosed on July 15th after hours; correct?

A. That's what this would seem to suggest, yes.

Q. So for event number 9 on your Exhibit 7, you should have looked at July 16, 2013 as the market date; correct?

A. I guess that's possible. I would need to know whether 7/16 was a trading date.

Q. That would be in your backup; right?

A. Yes.

Q. So if July 16 was a trading date, then July 16 should have been the market date you examined for event 9; correct?

A. I would have to think about that and

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understand what was disclosed and what wasn't disclosed on each date, and whether there was new information on both dates, but that's something I would want to investigate.

MR. BALLARD: Mark this, please.

(Exhibit 31, July 16, 2013 8-K, marked for identification, as of this date.)

(Exhibit 32, document indicating filing date of 8:13 a.m., on July 16, 2013, for July 16, 2013, 8-K, marked for identification, as of this date.)

Q. I'm handing you Exhibit 31 and Exhibit 32. First of all, take a look at Exhibit 31. Do you see the date is July 16, 2013?

A. I see that.

Q. And it's an 8-K; right?

A. That's what it appears to be, yes.

Q. If you look at the attachments, there is a press release dated July 16, 2013; do you see that?

A. Okay, I see that.

Q. You will see that it's -- I'll tell you what. Why don't you look at Exhibit 32. From Exhibit 32, can you determine when Exhibit 31 was

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filed publicly with the SEC?

A. It appears to say approximately 8:13 a.m., on July 16, 2013.

Q. From looking at this, can you now confirm that the Q4 and year-end results that you examined in event number 9 were disclosed prior to the market opening on July 16, 2013?

A. That's what this seems to suggest.

Q. So now can you confirm that you should have looked at a market date of July 16, 2013, instead of July 17, 2013?

A. It's possible. One thing I would like to do is review my backup to see if -- just to confirm that these dates, as listed, weren't a typo of some kind, but this seems to indicate the information was out at the beginning of market on July 16th, 2013.

(Exhibit 33, printout of some the backup material used in Chad Coffman's expert report, marked for identification, as of this date.)

Q. I'm going to hand you what we've marked as Exhibit 33. It's a printout of some of the backup material that you provided to us, and the

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backup material was voluminous, but there's a regression tab related to the common stock. Do you know what I'm talking about?

A. Yes.

Q. Do you recognize this as the data from that tab?

MS. POSNER: Just to be clear, I believe we produced all of the Excel spreadsheets, both Bates stamped and in native format so you can manipulate them. I'm going to assume you're representing that this is as originally produced as opposed to with any changes by you.

MR. BALLARD: I don't think I've seen one with Bates numbers on it. We got Excel files.

MS. POSNER: You should have gotten both. We Bates stamped one and kept it so it was a static version and then one in native so you can manipulate it. It's irrelevant.

My only purpose for asking is, this is as produced, there have been no changes to this.

MR. BALLARD: This has been formatted

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for printing so it can be printed on a large piece of paper. No one went and changed any numbers in here. I have my laptop here and I have the actual data files on here if anyone needs to look at those.

MS. POSNER: I just wanted the record to be clear.

MR. BALLARD: We did not change any of the numbers.

THE WITNESS: I'm sorry, what was your question?

Q. I think we were talking about whether you can confirm that you should have used July 16th, 2013, instead of July 17th, 2013 as the market date for event number 9, and you indicated that you might need to check some of your data. Now this is some of your data.

Looking at this now, can you now confirm that, in fact, you should have used July 16, 2013 as the market date?

A. That is certainly possible. Given that you're pointing out what looks to be a mistake, before I say on the record definitively, this is something I would want to consult. I would want to

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study carefully before giving a final view on this on the record, but based on what you've shown me, unless there's something that contradicts it, it appears July 16, 2013 would be the appropriate market date.

Q. And did you find a statistically significant price movement on July 16th, 2013?

A. No.

Q. Looking at your Exhibit 7, at event number --

A. What is giving me pause, just to be clear, is the specific time that is listed on Exhibit 7 is raising a question in my mind of why I'm citing 10:22 specifically, so I understand necessarily the reason for that. So you've pointed out something that concerns me. I just want to -- until I fully analyze this, I don't know what the changes may be.

MR. BALLARD: Maybe I can help you with that too.

THE WITNESS: Okay.

MR. BALLARD: I'll ask the court reporter to mark this with our next exhibit number.

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(Exhibit 34, printout from Marketwired, marked for identification, as of this date.)

Q. Do you have Exhibit 34 in your hands?

A. I do.

Q. This is a printout from Marketwired. Do you know what Marketwired is?

A. Generally. I don't have detailed knowledge of exactly -- it looks like a wire report. I don't know that I've studied Marketwired. It looks like a wire service. I don't know that I know that one specifically.

Q. It contains the information from the earnings release that you included in the event 9 of your Exhibit 7.

A. Okay.

Q. Do you see the date at the top of this and the timestamp?

A. It appears to be 8:00 a.m. on July 16.

Q. So again, now can you confirm that the information certainly was in the market and picked up by the market press before trading began on July 16?

A. I see that. It suggests the information came out before the market on July 16,

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2013.

Q. Now is there any doubt in your mind that you should have used July 16, 2013, as the market date for event 9?

A. Based on what you're showing me, it appears that's the case, but again, before I give a final view on that, I would need to go back and review how that occurred.

MR. BALLARD: Maybe I can help you with that too. Mark this, please.

(Exhibit 35, Dow Jones press release, marked for identification, as of this date.)

Q. I'm handing you Exhibit 35. Does reviewing Exhibit 35 help you clear up what happened here?

A. Possibly.

Q. The Factiva database picked up the correction on the newswire, but not the actual original release, and so it showed a timestamp of 10:22 p.m. on July 16, 2016, even though the information had come out the day before; right?

MS. POSNER: Objection.

A. I think it's -- I don't think your question was quite right.

C. Coffman

Q. Do you have any idea how you came up with 10:22 p.m. as the time and July 16, 2013 as the date for event number 9 on your Exhibit 7?

A. It's possible that it was this Dow Jones press release that was relied upon.

Q. This Dow Jones press release is not what you were intending to study in number 9; is it?

A. If the information was released prior to the market on the 16th, then it would have been appropriate to analyze July 16, 2013.

Q. And Exhibit 35, this Dow Jones newswire item, relates to a correction of three numbers in the previously released data; correct? Three numbers that had been converted incorrectly; right?

A. I guess I don't know where -- exactly where you're seeing that.

Q. The first paragraph.

A. Oh, I'm sorry. Okay, I see that.

Q. In event number 9, you weren't trying to test whether the release of the correction of these three incorrectly converted numbers had an effect on the market; were you? You were trying to test whether the earnings release, itself, had an

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effect; right?

A. That's correct.

Q. Now can you confirm with certainty that you should have used July 16, 2013 as the market date for event number 9 on your Exhibit 7?

A. That seems to be the appropriate conclusion. Again, to give a final answer, I would want to discuss with my staff and see if there's anything else that I'm missing here, but based on what you've shown me, that appears to be correct.

Q. So sitting here right now, based on everything you've seen, if you had to do this analysis right now, what market date would you use, July 16 or July 17?

A. Based on what I'm seeing here, July 16.

Q. So if that's your best understanding right now, I want to ask you some questions about what the items in that row should have in them. Should item 9, in the first column, under date, have July 15, 2013 instead of July 16, 2013?

A. Based on what you've shown me, I believe that's correct, yes.

Q. And the time in column 2 should change to something else too as well; right?

C. Coffman

A. Yes.

Q. The closing price should be $4.09, not $4.34; correct?

A. That's correct.

Q. The raw return should be 1.49 percent, not 6.11 percent; correct?

A. That's correct.

Q. The volume should be .3, not .5; correct?

A. Correct.

Q. The abnormal return should be 1.67 percent, not 5.56 percent; correct?

A. I'm sorry. Can you repeat that?

Q. The abnormal return should be 1.67 percent, not 5.56 percent; correct?

A. That's correct.

Q. The abnormal dollar change should be 7 cents, not 23 cents; correct?

A. That's correct.

Q. The t-stat should be .7, not 2.32; correct?

A. .70, that's correct.

Q. The sig level should not have any asterisk; correct?

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A. That's correct.

Q. There shouldn't be two, there shouldn't be even one, there should be no asterisk at all for event 9, it was not statistically significant; correct?

A. That's correct.

Q. Now would you say that it was only 3, not 4, of the 17 events on Exhibit 7 of your report that had statistically significant price movements at the 95 confidence level?

A. If what you've shown me is correct, then that's the case, yes.

Q. Can we turn to Exhibit 8 of your report, please. On Exhibit 8 of your report, under the earnings announcement column, where it says 4, that should be a 3; right?

A. If what you're showing me is correct, yes.

Q. For the number or the percentage of significant days at 95 confidence level, where you have 23.53 percent, that should be what?

A. I would need a calculator to give you the precise number.

Q. If I tell you that 3 divided by 17

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would give you 17.65 percent, does that help?
A. That would be the appropriate number then, that's correct.
Q. And then you have an average absolute abnormal return of 4.37 percent on this chart. On Exhibit 8 of your report, under the earnings announcements column, for the average absolute abnormal return, you have 4.37 percent. That should change to something else; right?
A. Yes.
Q. And the volume figure of .7 should change as well; right?
A. Yes. Both those numbers would go down, I believe by a relatively small amount, but they would be different, yes.
Q. So let's look at your report at page 30. There's a bar chart on page 30 of your report. Do you see that?
A. Yes.
Q. So that should change as well; right?
A. If what you're showing me is correct, then yes.
Q. So the first bar that is somewhere above 20 percent is going to drop down to something

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lower; right?

A. Roughly 17 percent plus.

Q. And on page 31, you have a bar chart on the average absolute return. Do you have that?

A. Yes.

Q. That would change a little bit too; right?

A. Yeah. I don't think that would change substantially, but it would come down a little bit, yes.

Q. On page 32, there's another chart on average daily trading volume. Certainly the data underlying, that would change a bit as well; right?

A. A bit, yes. I don't think it would change substantially, but yes, it would be lower.

Q. Let's turn to page 29 of your report. Paragraph 62, there's the reference to the 23.53 percent. Do you see that?

A. Yes.

Q. That's wrong; right?

A. If what you're showing me is correct, yes.

Q. And Footnote 61 is wrong; right?

A. It would be 17 percent instead of

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23.53.

Q. And you told us already you haven't done an analysis to see if that is statistically significant; right?

A. I would have to do that test to know.

Q. So sitting here today, you don't know if it would be statistically significant based on what you know now?

A. I would have to test that.

Q. And then paragraph 63, there's a 4.37 percent figure. Do you see that?

A. Yes.

Q. That might change as well; right?

A. Well, we already covered that, yes.

Q. And then so Footnote 63 would change. That's now wrong; right?

A. The percentage would change. Whether the conclusion about statistical significance needs to change is not clear.

Q. And then paragraph 63, again, there's a reference to the average magnitude of stock price movement on earnings announcement days was 1.7 times higher. You would have to take another look at that one as well; right?

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A. It would be slightly lower. It might still round to 1.7. I just don't know. I would have to check.

Q. And then on page 31, paragraph 65, there's a reference to average daily trading volume on the 17 days of 0.72 million. Do you see that?

A. Yes.

Q. You would have to look at that again as well; right?

A. That would go down slightly, yes.

Q. So going back to what we talked about earlier, we looked at four of the events on your Exhibit 7 for the year-end results for 2011, 2012, 2013 and 2014; right?

A. That's correct.

Q. And you had found a statistically significant increase in the price of Miller Energy's common stock in only one instance, and that was for the year 2013; right?

A. Originally, that's correct.

Q. Based on what you have in Exhibit 7 of your report and what you now know, can you now say that there was no statistically significant increase in the price of Miller Energy's common

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stock on the market date after Miller Energy disclosed its year-end results for 2011?

A. Could I have that read back, please.

(Record read.)

A. That's correct.

Q. There was a statistically significant decrease in the price of Miller Energy's common stock on the market date after Miller Energy disclosed its year-end results for 2012; correct?

A. That's correct.

Q. There was no statistically significant increase in the price of Miller Energy's common stock on the market date after Miller Energy disclosed its year-end results for 2013; is that correct?

A. Based on what you've shown me, I believe that's correct.

Q. There was a decrease, but only at the 90 percent confidence level, in the price of Miller Energy's common stock on the market date after Miller Energy disclosed its year-end results of 2014; correct?

A. That's correct.

Q. So for the four years at issue in this

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case, 2011 to 2014, in two instances, the disclosure of Miller Energy's year-end results did not lead to a statistically significant movement one way or another in the price of Miller Energy's common stock; is that right?

MS. POSNER: Objection.

A. Can I have that read back.

(Record read.)

MS. POSNER: Objection.

A. That's correct.

Q. In the other two instances, the disclosure of Miller Energy's year-end results led to a statistically significant decrease in the price of the stock at the 95 confidence level in one instance, and a statistically significant decrease in the price of the common stock at 90 percent in the other instance; is that correct?

MS. POSNER: Objection.

A. I think that's correct, yes.

Q. So in no instance did the disclosure of Miller Energy's year-end results lead to a statistically significant increase in the stock price; correct?

MS. POSNER: Objection.

C. Coffman

A. Based on what you've shown me, I believe that's the case.

Q. You're aware that KPMG issued audit opinions on Miller Energy's financial statements in certain years; right?

A. That's my understanding, yes.

Q. It was the financial statements for the years ended April 30, 2011, 2012, 2013 and 2014; correct?

A. My understanding is they issued audit opinions for those years. Whether there were -- I don't believe there were any earlier years, but I think by the time 2015 came around, I'm not sure a 10-K was filed so I believe that's correct.

Q. You understand that the plaintiffs in this case have alleged that there are four instances in which KPMG issued audit opinions that the plaintiffs have alleged were misstated; is that correct?

MS. POSNER: Objection.

A. My understanding is there are four audit opinions. I believe they're alleging other dates on which that material was incorporated by reference, but I believe that that's the four audit

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opinions that are being referenced.

Q. And you understand the audit opinions were included in the Form 10-K's with the SEC; right?

A. That's my understanding. I would have to go back to check to give that opinion, but typically that's the case, yes.

Q. You understand that plaintiffs' theory in this case is that KPMG's audit opinions helped artificially inflate the price of Miller Energy securities?

A. That's my understanding of their claim, yes.

Q. And in Exhibit 7, and in our discussion today on Miller Energy's common stock, you evaluated whether there was a statistically significant price movement in response to the disclosure of Miller Energy's year-end results for each of those years ending April 30, 2011, '12, '13 and '14; correct?

A. Yes.

Q. And in each instance, you found no statistically significant increase in the price of the common stock; right?

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MS. POSNER: Objection.

A. Based on what you've shown me, I believe that's correct.

Q. Well, in two instances there was a movement but it was down, not up; right?

A. Correct.

Q. Would you agree that it appears that KPMG's audit opinions on Miller Energy's financial statements for the years ended April 30, 2011, '12, '13 and '14 did not result in the artificial inflation of Miller Energy's stock price?

MS. POSNER: Objection.

A. I'm sorry, can I have that read back.

(Record read.)

MS. POSNER: Objection.

A. No.

Q. Do you have any evidence that KPMG's audit opinions caused artificial inflation in the stock price?

A. I wasn't asked to evaluate that.

Q. You have no opinion on that topic?

A. That's correct, I have not evaluated that. I mean, I've seen plaintiffs' complaint. I understand the economic logic of what their

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allegations are, but I, as a matter of fact, have not evaluated whether it's the case or not.

MR. BALLARD: Let's take a short break.

THE VIDEO TECHNICIAN: We're going off the record. The time is 2:28 p.m.

(Recess taken.)

THE VIDEO TECHNICIAN: This begins Media Unit No. 4. The time is 2:59 p.m. We're back on the record.

Q. Turning to your report, at page 29, Footnote 61 --

MS. POSNER: What page did you say?

MR. BALLARD: Page 29, Footnote 61.

Q. I believe you indicated earlier that you have not done the analysis as to whether you would still find statistical significance at the 95 confidence level if it was 3 out of 17 instead of 4 out of 17; right?

A. That's what I said before.

Q. You haven't done the analysis now; have you?

A. I did a back of the envelope calculation that I would want to check several times before I, you know, was highly confident in

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it, but it suggested that just changing it to 3 out of 17, it would still be significant at the 95 percent level.

Q. Are you ready to express that opinion or do you need to do more work on that first?

A. No. Given what you've pointed out, there are likely to be corrections to my report and before I express any final opinion on that, I would want to review a number of different things.

Q. I think earlier you also said that if you had removed the Cammer 5 factor entirely from your report, you hadn't evaluated whether you would still have an opinion on market efficiency without that; right?

A. I think I said that there would be lots of -- that there would be considerable economic evidence towards efficiency from the other factors, but I had not considered the possibility of explicitly removing Cammer 5 from my report.

Q. And I believe you said you hadn't given it thought and don't have an opinion sitting here today as whether removing that, you would still have an opinion.

A. Well, again, I said I wasn't sure why

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one would ever do that given the circumstances of this case, but I have not considered whether just totally removing Cammer 5, what the conclusion would be.

Q. Sitting here right now, you're not able to express an opinion on the question of whether there was a cause and effect relationship until you do further analysis.

Given what you have just said, do you have an opinion, sitting here right now, on whether the market for the common stock was efficient during the analysis period?

MS. POSNER: Objection.

A. Based on the analysis I've performed, it's clear that there is a much greater -- that there's a greater incidence of statistically significant days on the earnings announcements, that's there's greater absolute stock price movements, greater volume.

Also just, you know, setting aside or -- not setting aside. In addition to the analysis that's in my report, it's clear from just a cursory review of certain other dates during the class period that the stock price was moving in

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reaction to news. It wasn't part of what is included in my report, but I still believe that even with the material you showed me today, that there's a -- that this security traded in an efficient market.

Q. I understand you believe that. But my question is, do you have, as a professional economist, an opinion sitting here today as to whether the market for the common stock of Miller Energy was efficient during the analysis period?

A. I believe it was efficient during the analysis period, yes, and I -- like I said, I want to -- given what you've shown me, I want to go back and review certain items and evaluate certain items, but I do believe that it traded in an efficient market, yes.

Q. You keep saying you believe.

A. That's my opinion.

Q. That is your opinion sitting here today?

A. Yes.

Q. Have you provided us with all the backup and basis for that opinion or do you still need to do more?

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A. Yes. I think given what you've shown me, I will likely prepare a corrected version of the report and so at that point I believe I will have given you the full basis that I'm using to conclude that the market is efficient. But this alone does not change my opinion of the market efficiency.

Q. Do you expect that you will be revising your exhibits as well?

A. Based on what you've shown me, there will likely be revisions to my exhibits, yes.

Q. We got a large dump of data, Excel spreadsheets and the like. That will change as well; right?

A. I don't think anything in the event study, itself, will change, but the summaries from that event study will change. So it's -- there will be materials in the backup that would change, yes.

Q. Do you know how long it will take to do that work?

A. I don't know with any precision.

Q. I'd like you to take a look at Exhibit 3 which is the Second Amended Complaint, and I'll

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direct your attention to paragraph 197 of the Second Amended Complaint.

Do you have the complaint in front of you and are you looking at the section that begins with paragraph 197? There's a heading, "The Truth Begins to Emerge"?

A. Yes.

Q. You understand that plaintiffs have alleged that the truth leaked out over a period of time beginning in December 2013?

A. That's my the understanding, yes.

Q. In paragraph 199, plaintiffs refer to an event on December 17, 2013. Do you see that?

A. I see that.

Q. That was a concerned shareholder's letter; right?

A. That's what they're pointing to, yes.

Q. I'm going to hand you what we previously marked as Exhibit 17. Exhibit 17 is a Schedule 14A. Do you see that?

A. I see that.

Q. Proxy materials filed by some folks in connection with Miller Energy, and it contains a press release as well as the concerned shareholder

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letter dated December 17, 2013; correct?

A. I see that, yes.

(Exhibit 36, document indicating that the concerned shareholder letter and the accompanying materials were filed with the SEC on December 17, at 11:41 a.m., marked for identification, as of this date.)

Q. Let me hand you what we've marked as Exhibit 36 in this case. From Exhibit 36, can you see that the concerned shareholder letter and the accompanying materials were filed with the SEC on December 17, at 11:41 a.m.?

A. That's what this seems to suggest.

Q. So if this event had been included on your Exhibit 7, for example, it would have had a date of December 17 and a market date of December 17th, 2013; right?

A. That would have been the first day the market could have reacted to it, yes.

Q. Because that was the day the information was made public during trading hours; right?

A. Yes.

Q. So under your methodology, you would

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have looked at December 17th to see if the price reacted; right?

A. Well, when you say "your methodology," under my methodology for evaluating market efficiency, if this was what I had included as a quote-unquote news date, that's true.

Whether that's what I would ultimately do if asked to determine the market price impact of this particular announcement, that might be something different, but certainly under the methodology employed to analyze market efficiency, that's the case.

Q. If truth leaked into the market on that day by virtue of this concerned shareholder letter as plaintiffs allege, wouldn't you expect the market to react on December 17th?

A. That's plausible. It's also plausible that the market wouldn't fully incorporate the information until possibly the 18th, especially if news reports or analyst reports or other things first started widely reporting on this later in the day.

So there's a lot of specific details I would want to analyze before giving an opinion

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about what the full price impact of what this event might have been. But the first day it could have reacted, based on what you're showing me, is December 17, 2013.

Q. I thought earlier you said, when we were talking about whether you would look at a two-day window, you would in an efficient market expect at least a statistically significant reaction on day one. You might also get one on day two. I thought your testimony on that was pretty clear earlier.

A. That you would expect to see a reaction. I don't know that I used the words "statistically significant reaction." But, you know, if one were to look at a full-day event window for this particular event, you know, one would want to look into the middle of the day on the next trading day as well.

So I'm just saying it's not quite as simple as ending the analysis by just looking at the abnormal return on the 17th. It could also be confounded by information prior to 11:00 a.m. on the 17th. So answering the question of how this disclosure impacted the market price would require

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a detailed analysis potentially beyond what is already reported in my event study details.

Q. Didn't you have items on your event study that came out during the trading day?

MS. POSNER: Objection. I'm not following your question.

A. I believe they all came out either before or after the trading day on Exhibit 7.

Q. So are you saying you would use a different methodology for events that come out during the trading day?

A. I'm saying it's just something I would look at to determine whether the -- what the appropriate event window to draw conclusions from would be given the specific facts and circumstances of that particular event. So it may or may not be.

Q. Was there a statistically significant market reaction on December 17, 2013?

A. No.

Q. Was there a statistically significant decline on December 18th?

A. Oh, I'm sorry. I think I looked at the wrong date. I apologize. Let me double-check. There was not on the 17th. There was on the 18th.

C. Coffman

Q. And what about the 19th?

A. Yes, there was a significant reaction on the 19th as well.

Q. So returning to the allegations of the Second Amended Complaint, in paragraph 199, where plaintiffs refer to the concerned shareholder's letter, plaintiffs allege that the price of Miller Energy stock dropped from a closing price of $8.60 on December 16 to a closing price of $7.07 on December 19th. Do you see that?

A. I see that.

Q. So plaintiffs are alleging that over that three-day period, the 17th, 18th and 19th, the price of Miller Energy's common stock dropped in response to the shareholder letter; correct?

A. I think technically it's about a two-and-a-half day period, but that's what I understand, yes.

Q. Is it your opinion that the declines on the 18th and the 19th were a reaction to the concerned shareholder letter and the filing on the morning of December 17th?

MS. POSNER: Objection.

A. I have not reached an opinion on that.

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Q. Would it be consistent with a conclusion of market efficiency if it took three days for the price to react to a disclosure like this?

A. I don't think you can rule that out. Again, I would want to study the specifics of how this information was disseminated to the market and whether there's evidence of broader dissemination on the 18th and 19th, and what other information might be available to evaluate that question.

Q. You've given an opinion in this case that the market was efficient at that time; right?

A. Yes.

Q. Do you think you might need to look a little more closely back to examine the data around those dates?

MS. POSNER: Objection.

A. No. As I testified earlier, there's nothing inconsistent with market efficiency to say that the full impact on certain types of event days might extend beyond one day. I don't think there's anything inconsistent with that.

Q. Have you read the concerned shareholder letter?

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A. I believe at one point I did. It's been a while. I don't recall.

Q. Do you think it's the kind of information the market would ignore for a couple of days?

MS. POSNER: Objection.

Q. It's pretty incendiary, don't you recall?

MS. POSNER: Objection.

A. It's certainly the type of information that the stock price might react to. Again, in this particular case, it clearly reacted not within a couple of days, but on the -- this was issued apparently during market hours on one day and by the end of the next trading day, the stock price had reacted in a statistically significant manner. Whether that was due to this letter or something else or what all the issues surrounding that might be, is not something I formed an opinion on.

Q. So it's possible the market was reacting on the 18th and 19th to the December 17th morning disclosure; is that what you're saying?

A. I think it's plausible that the market was continuing to digest this information on the

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18th and possibly even the 19th, but that's something I would have to analyze, whether there was supporting evidence for that.

Q. It's also possible the market wasn't efficient; right?

A. That's one hypothetical possibility but inconsistent with all the evidence in my report.

Q. All of the evidence in your report, are you sure about that?

A. Or the primary conclusion of my report, and all of the supporting factors that are described in my report.

Q. Let's turn to paragraph 200 of the complaint. There's a reference to a December 24, 2013 report, "Miller Energy: Digging Itself Into Another Deep Hole?" published on TheStreetSweeper. Do you see that?

A. Yes.

Q. Was there a statistically significant price movement following this posting?

A. Again, it's not clear from the description whether it came out during market hours or before market hours on the 24th or after -- or post market hours on the 24th, so on the 24th

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there's not a statistically significant movement.

On the 26th, which would be the next trading date, there's not a statistically significant movement.

Q. In paragraph 205 of the complaint, plaintiffs allege that the market reacted over that period, including those two trading days, December 24 and December 26; right?

A. That's what plaintiffs' complaint is pointing out or attempting to -- alleging to point out.

Q. So if plaintiffs are right about this, this could be another of those instances where there's no reaction on day one, but there is on day two?

A. Again, I don't know what the exact timing was so I'm not going to speculate what it might or might not mean, and at least based on the daily event study here, neither day was statistically significant.

Q. Okay. You said neither day, so you're saying there's nothing statistically significant on December 24 or 26?

A. Well, again, until I -- you know, if I

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were evaluating a specific question of whether that news caused any price response, I would want to look at a host of additional things, including trying to assess precisely when it came out, looking at the intraday pricing to see if there's additional information, looking to see if there's confounding positive information that might explain that. I haven't done that analysis, so I don't know.

Q. So in this case, you know that plaintiffs are alleging that there were statements at the beginning that supposedly inflated the price, and then truth comes out on certain dates at the end where the truth leaked out and the price declined again; right? You know that's the theory?

A. When you say the price declined again, I understand they're alleging there are corrective dates on which the price declined, yes.

Q. So the critical dates where the plaintiffs are saying information moved the price were the dates of the alleged misstatements and the dates when the truth came out; right?

MS. POSNER: Objection.

A. Well, it's not clear that, depending on

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the nature of the misstatements, whether or not they would be expected to move the stock price. For example, if plaintiffs were using the price maintenance theory, then they might not be expected to move the stock price on the misstatement or omission dates, especially if there were omissions, but on the corrective disclosures, my understanding is they're alleging the price declined on certain corrective dates that reflects the dissipation of artificial inflation.

Q. So, so far, we've gone through six dates, the four alleged misstatement dates and the first of the two corrective disclosure dates, and we don't have a statistically significant movement in response to any of them on the first day; right?

MS. POSNER: Objection.

A. Well, in reviewing plaintiffs' complaint, there's an allegation that the allegedly false and misleading audit opinion was first issued on August 29th, which according to my event study, was statistically significant. So it's not clear to me that that's correct.

Q. So are you now saying the year-end results for 2011 came out on August 29?

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A. That's a possibility I need to investigate.

Q. So you may have another error on your Exhibit 7?

A. Well, given that you pointed out that I apparently inadvertently relied on a Dow Jones correction, I guess I would like to go back and review the details of each of these dates to make sure I'm selecting the right date, and I'm saying as of right now, there does appear to be a suggestion that August 29th may have been the right date to analyze.

Q. So we went through event 9 and talked about how your report and exhibits might change if you use the right data. You're now saying that event 1 might also be incorrect?

A. It's possible.

Q. Are you sure you still have an opinion sitting here today about whether the market was efficient?

A. Yes.

Q. Even without the data?

A. No. As I said, I believe there's sufficient evidence, based on the higher proportion

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of significant dates, that if what I'm saying about event 1 is right, that would actually improve the numbers, and my review of all the other Cammer factors and my review of other dates that I noted during the class period which showed statistically significant movements in response to clear new news, it's my professional opinion that the market for the common stock was efficient.

I believe based on what you've shown me today, there's some important details in my report that I want to revisit, but nothing has changed my view as to whether the market is efficient or not.

Q. So for Exhibit 7, you're saying you looked at 19 events, 19 events; right?

A. 17.

Q. Sorry, 17. Not a big number, 17 events. We know you got one of them wrong and you're saying you might have gotten two of them wrong, but one mistake was one direction and the other mistake might have been the other direction so it offsets?

A. I'm not saying that at all yet. I'm saying that there's details I want to go back and review.

C. Coffman

Q. But you're confident you've still got that opinion on market efficiency; right?

A. Yes.

Q. In paragraph 206 of the Second Amended Complaint, plaintiffs refer to a disclosure in the form of an 8-K. Do you see that?

A. I see that, yes.

Q. And this one is alleged to have come out before trading began; right?

A. The complaint alleges that on March 13, 2014, before trading began, the company filed a Form 8-K.

Q. And do you see that on your Exhibit 7?

A. Yes, I see that.

Q. Did you evaluate whether there was a statistically significant price movement on March 13, 2014?

A. I did.

Q. Was there?

A. No.

Q. So here's another example of one of these news events not having a statistically significant price impact?

MS. POSNER: Objection.

C. Coffman

A. At least on the date of March 13, 2014, that's correct, yes.

Q. That's the proper market date to look at under your methodology; isn't it?

MS. POSNER: Objection.

A. Yes.

Q. Unless --

A. Based on what I know, yes.

Q. Paragraph 207 refers to an investor call. Do you see that?

A. Yes.

Q. That would be the investor call that took place on March 13 and a transcript was filed on March 14 after hours; is that right?

A. This says the public -- yeah, this seems to indicate that there was an investor call after the market on the 13th, and a public version available after market on the 14th.

Q. So if you wanted to see if there was a reaction on the price, you would look at March 14?

A. If the call actually took place after market on the 13th, the 14th is certainly a relevant date to look at.

Q. Was there a statistically significant

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price movement on March 14, 2014?

A. On March 14th, 2014? No, there was not.

Q. Can you turn to paragraph 209 of the complaint, please.

A. Okay.

Q. Looking at this allegation, I can't tell if plaintiffs are alleging that this was a misstatement date or a truth in the market date or what. Do you know?

A. I think they're alleging both in the sense that there's a reiteration of the alleged misstatements, but also a partial corrective disclosure based on the financial results.

Q. So in this instance, we know that on July 15th, you found a price movement that was at least marginally significant at the 90 percent level; right?

MS. POSNER: Objection.

Q. You can look at your Exhibit 7 for this.

A. I find that July 15th was significant at the 90 percent level, and after the earnings call, was significant at the 95 percent level.

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Q. But it was a decline; right?

A. Both were declines, yes.

Q. So we finally found a statistically significant, at least at the 90 percent level, movement in the price of the common stock, but it's a decline in response to one of the four alleged misstatements made by KPMG and Miller Energy; right?

MS. POSNER: Objection.

A. That's true, but there is also -- plaintiffs are alleging at least that there was also partially corrective information at least over those two days as well.

Q. What was the partially corrective information that came out over those two days?

A. My understanding is the plaintiffs are alleging as part of the earnings release and the call, there was an acknowledgement that "costs and expenses were high, including DD&A expenses, and acknowledged that poor net income and earnings per share numbers were items that 'a number of our shareholders focused on.'"

Plaintiffs talk about how "Brawley also acknowledged that Miller Energy's internal controls

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were still deficient, but touted the hiring of 'a junior accountant with big four accounting experience' as a reason for investors to be optimistic."

And then that there was discussion on the call about the cost for each well that defendants weren't able to provide complete answers. And then they say in paragraph 213, "On and around this day, and on this news, risks or truth concealed by, or effects associated with, KPMG's fraud were partially revealed."

So what is talked about in paragraph 211 or 212, I understand to be the information that they're pointing to.

Q. So the year-end disclosures for 2014 were both the alleged misstatement that the plaintiffs are suing on and they're also what disclosed the truth partially to the market. Have you ever seen that in a securities case before?

A. Yes.

Q. Where?

A. I believe there have been a number of cases where defendant was making alleged false statements that continued to essentially give the

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market the same information over time. And here it's alleging that the audit opinions, you know, that they were -- the financial statements were prepared consistent with GAAP, and I understand misleading or omitted other information and I don't believe the market would have seen an accountant's reiterating their accounting opinion as necessarily something that would increase the stock price on that given day because the market was probably expecting to hear that, but at the same time, announcing negative information that at least partially reveals what plaintiffs are alleging was misstated or concealed by the false and misleading statements.

Q. Please turn to paragraph 215 of the Second Amended Complaint. Plaintiffs in this paragraph refer to margin calls on November 26, 2014. Do you see that?

A. I do.

Q. Did you evaluate or give an opinion on whether there was a statistically significant price movement following this event?

A. Can I have that read back, please.

(Record read.)

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A. I mean, I haven't studied the specific timing of when those events occurred. On the 26th, itself, I found there's not a statistically significant stock price movement. On the following trading day of the 28th, there was.

Q. And on December 1st as well; right?

A. That's right.

Q. If you look at plaintiffs' allegation in 215, they allege that the price of the common stock fell from a closing price of $3.16 on November 25, 2014, to $1.59 on December 1, 2014. Do you see that?

A. I see that.

Q. So plaintiffs are alleging that this disclosure or this event led to a decline in stock price over that three-day period from November 26 through December 1; right?

A. That seems to be what the allegation is.

MS. POSNER: Just a point of clarification. November 25th.

MR. BALLARD: No, the 25th was the event day so the decline happened on November 26, 28 and December 1. Right?

C. Coffman

MS. POSNER: Your question was we allege, and I'm pointing out that what we allege is that there was a drop from November 25th, from $3.16 to $1.59 on December 1, 2014.

Q. Mr. Coffman, if you're evaluating plaintiffs' allegation as written here about the decline in the price from the closing price on November 25 through December 1, 2014, what market days would you look at to evaluate that?

A. That would seem to encompass the market days of November 26th, November 28th and December 1st.

Q. Three days, not four; right?

A. At least based on my reading of this, that's correct.

Q. You would treat the November 25 day as the event day. That's why you used that as the starting price, and then you looked to see if there's a change in the price on the 26th, 28th or December 1st; right?

A. By citing a closing price on the 25th, I'm comparing the movement after that to that closing price. My understanding is the implication

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is that the information wasn't out as of the close of November 25th.

MR. BALLARD: I knew I was right.

MS. POSNER: You're actually not, but that's fine. You were quoting what we allege, so I just wanted to be clear about what we actually specifically state.

MR. BALLARD: I understand but I also read and understand English.

MS. POSNER: Apparently not.

Q. I think you said there was no statistically significant price movement on November 26, right, and there was on November 28th and on December 1; right?

A. Based on my event study, that's correct.

Q. And so this would be one of those instances where there's no reaction on day one, but there is on day two and day three, and yet you would conclude that's still consistent with market efficiency?

MS. POSNER: Objection.

Q. Is that your testimony?

A. I haven't concluded anything about the

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timing of these -- this particular announcement or analyzed whether it makes sense to look at a one, two or three-day window so I haven't reached any conclusion about that.

Q. Not to beat a dead horse or anything, but on November 25, 2014, looking at the closing price of 3.16, the price doesn't change after closing; right?

A. Not during regular market hours. It could during aftermarket trading, but I guess I don't see why that's relevant. I'm saying I'm not sure the timing of when these margin calls occurred. It's alleged that it was on November 26th. I'm saying it could have been after market on the 26th so I don't even know what day one actually is here.

MR. BALLARD: I'm just getting back to my dispute with Laura about what the relevant time period is.

MS. POSNER: I have no dispute with you about what the relevant time period is. I was just correcting your reading of our complaint.

MR. BALLARD: We will agree to disagree

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on that.

Q. If the allegations in paragraph 215 are correct and it took three trading days for the market to react to this event, that would be a sign that the market was not efficient; correct?

A. I think I need to give a multi-part answer to that question. Number one, I'm not -- it's not clear to me that's what actually occurred. Number two, to have an opinion about that, I would have to analyze precisely what happened and why I was seeing what I was seeing.

If in some hypothetical world, if I saw an event and the first reaction to it seemed to occur three days later and it was clearly a widely available piece of information, that might cause a question, but if it was continuing to react because of some new piece of information or new analysis that was provided by some analyst or some other outlet, it might make perfect sense. So until I analyze the specifics of the event and what occurred and why one might be observing what they're observing, I don't think I could draw any specific conclusion.

Q. Let's look at paragraph 217 of the

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complaint. Here there's an allegation about a Form 8-K. Do you see that?

A. Yes.

Q. As well as a Reuters report; do you see that?

A. Yes.

Q. And then there's an allegation that the market reacted over the period from December 4 through December 8. Do you see that?

A. Well, I see -- I mean, in reading this now, one of the reasons the -- if these margin calls were occurring over time, that might be another explanation for why the price reaction is occurring over some period of time and then I think in paragraph 217 they're saying the information came out after market on the 14th, so it would effect subsequent trading days, and if I look, that would be the 5th and the 8th, so that would be two trading days.

Q. Was there a statistically significant price movement on December 5, 2014?

A. No.

Q. Was there on December 8, 2014?

A. Yes.

C. Coffman

Q. So again, another event where no reaction on day one, but there is on day two. Is that consistent with market efficiency?

A. It's not clear to me that how the market is reacting on day 8 relates back to what plaintiffs are alleging here. That's an issue I would have to study.

Q. So plaintiffs could be wrong about that, but if they're right about it, it's not consistent with market efficiency; right?

MS. POSNER: Objection.

A. I would have to study it to give an opinion on that.

Q. How many instances do I have to find where the market doesn't react on day one and does on day two for you to question whether the market was efficient?

A. Well, you're not proving the predicate to your question, which is that there was -- that the news that the market is reacting to is from some multiple prior days. That's just not something I've studied here.

Q. Oh, I agree with you that plaintiffs haven't proven this allegation. There we can agree

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on that. But if they are to prove it and if it were true, as they alleged it, that it took a couple of days for these things to make their way into the market price, that would be inconsistent with market efficiency; correct?

MS. POSNER: Objection.

A. Again, it would really depend on the facts and circumstances of each event. I mean, when you're talking about the margin calls, for example, those could have been -- the trades necessary for those margin calls could have been happening over time or concentrated on a particular day after they started.

I would have to study, you know, how exactly the information got into the market and how it was covered and when analysts were covering it, et cetera. So I'm just not going to speculate about that because it would require a detailed -- essentially drawing any conclusions about whether the news plaintiffs are pointing to is what actually caused the price movements and over what time, it would take a detailed analysis that I have not done.

Q. Certainly, if you accepted plaintiffs'

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allegations as true, given what we've seen today, you've seen a number of things that would give cause for questioning whether there was market efficiency for the common stock; right?

MS. POSNER: Objection.

A. No, because I mean, I don't take what plaintiffs allege in their complaint as the truth about what news was causing which price movements.

Q. So perhaps if plaintiffs prove that their own allegations are wrong, then it would be consistent with your conclusion of efficiency, but you're not willing to accept their allegations as true?

MS. POSNER: Is that a question?

MR. BALLARD: Yes, it is.

A. There is nothing in the formation of my opinions that require accepting plaintiffs' allegations as true in any way.

Q. But accepting your opinion would require rejecting certain allegations of the complaint; correct?

A. I haven't drawn that conclusion. There may be other reasons for observing why what we're observing. So, for example, on day one of these

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windows, maybe there was confounding positive information and so that's drowning out the effect on day one.

I just haven't studied it, and you're asking me to speculate what the right conclusions are to draw from that and I just haven't done that analysis.

Q. Well, with all due respect, you've given an opinion on market efficiency in this case and today is your deposition. Today is the day for you to tell us if you have a basis for your opinion, and what it is, and the full extent of it. So now is your chance.

Is there any way you can explain these anomalies we've looked at where it appears that the markets are not acting in an efficient way?

MS. POSNER: Objection.

A. I think the predicate to your question is incorrect, which is that somehow what you're pointing out implies the market is reacting in an inefficient way.

Q. Is that a yes or no?

MS. POSNER: Objection.

A. I've laid out in my report the basis

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for my opinions on why the market is efficient, and I stand by them.

Q. Do you want to tell the judge why you can't answer my question yes or no?

MS. POSNER: Objection.

A. Can I have that question read back, please.

(Record read.)

A. And as I said, I don't believe you've shown me something that suggests there's an anomaly in which the market is behaving in an inefficient way.

Q. We've looked at instances where the market didn't react on the first day, the market date as you defined it, in response to events that the plaintiffs have said are material. That's not an anomaly for you?

A. No, because sometimes material information isn't enough to change the market price. Something can be material and be an important thing for a shareholder to consider, but not be sufficient to move the stock market price in a significant way.

I think you're imputing into your

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questions that the plaintiffs are absolutely right about how to interpret what events moved the price on which days, and I'm saying I'm not taking that as a predicate to my opinion. I've analyzed market efficiency on the basis of the analyses that are in my report.

Q. Please turn to paragraph 218 of the Second Amended Complaint.

A. Okay.

Q. In paragraph 218, the plaintiffs allege that "On December 10, 2014, as the trading day began, Miller Energy filed a Form 8-K, attaching its earnings release for the second quarter of fiscal year 2015, ending October 31, 2014. In that release, the Company announced during that quarter it, 'recognized a $265.3 million non-cash impairment charge related to its Redoubt field of proved and unproved properties. The proved and unproved properties were written down to their estimated fair value."

Do you see that?

A. I see that.

Q. Then plaintiffs allege that there were some comments on an earnings call that day about

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expense overruns and costs factored into the impairment. Do you see that?

A. I see that.

Q. And then it says the company also announced a loss of $285.7 million. Do you see that?

A. I see that.

Q. Was there a statistically significant movement in the price of Miller Energy's common stock in response to the disclosures on March 12, 2015, that came out at 7:00 a.m. in the morning? So that's 16 on your report.

A. I'm confused because you were reading me stuff about December 10 and then switched to March 12.

Q. You're right. I read the wrong date. Let me rephrase that. You're looking at Exhibit 7?

A. Yes. And Exhibit 33 of -- Deposition Exhibit 33 as well.

Q. Let me rephrase that. So in paragraph 218, there's an allegation about the Form 8-K on December 10, 2014. Right? That's what you're looking at?

A. That's what you're referring to, yes.

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Q. And that's the one where there was a disclosure of a $265.3 million non-cash impairment charge related to the Alaska Assets; right?

A. That's my understanding of what they're alleging, yes.

Q. Returning to your Exhibit 7, does that appear on your list of events?

A. December 10th, 2014 does, yes.

Q. And that's event number 15; right?

A. Yes.

Q. Was there a statistically significant reaction in the price of the common stock?

A. Not according to the event study, no.

Q. Please turn to paragraph 222 of the complaint.

A. Okay.

Q. There's an allegation here about a disclosure on March 12, 2015. Do you see that?

A. I see that.

Q. And this allegation states that "The Company revealed it was taking another $149.1 million of impairment charges on the Alaska Assets, increasing total impairment to $414.4 million."

Do you see that?

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A. Yes.
Q. Did the price of the common stock react to this announcement?
A. It does not appear there was a statistically significant result on March -- the complaint is referencing March 13. It does not appear there's a statistically significant announcement there.
Q. So there were two dates on which the company disclosed large impairment charges related to the Alaska Assets and on neither did the stock price react in a statistically significant way; is that correct?
MS. POSNER: Objection.
A. At least on these two events, that's true.
Q. And you are aware that this whole case is about the value of the Alaska Assets; right?
A. My understanding is that the complaint is based on an allegation that the Alaska Assets were overvalued by Miller Energy in violation of GAAP, and that KPMG, nevertheless, provided a clean audit opinion.
Q. And it's your understanding, based on

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your work, that in the four instances when KPMG made a public statement in the form of an audit opinion on the financial statements, the price never went up in a statistically significant way in reaction to those statements, and it also didn't go down when the company disclosed large impairment charges related to the Alaska Assets; correct?

MS. POSNER: Objection.

A. Well, I believe it might have gone up on the first announcement of the audit opinion, based on my review of plaintiffs' complaint and the review of my event study. On the two dates you pointed me to where they allege impairment charges, my event study does not suggest there's a statistically significant decline.

Q. What you just testified to about the price possibly going up on one day, that's nowhere in your report; right?

A. Well, it's in my backup materials that shows that there's a positive statistically significant stock price movement on August 29th.

Q. It's nowhere in your report; right?

A. It's not reflected in the text of my report. It's reflected in my backup materials.

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Q. None of the backup materials attached to your report reflect that; correct?

A. That there's a statistically significant stock price movement on August 29th, 2011, there is.

Q. Where?

A. On Exhibit 33.

Q. That's not attached to your report.

A. I'm sorry. I didn't catch the "attached to my report" part of the question.

Q. Let me rephrase the question. You produced a report and exhibits in this case that are intended to contain a complete statement of your opinions as required by the Federal Rules; correct?

A. Yes.

Q. The testimony you just gave about the stock price possibly going up in response to KPMG's statements is nowhere to be found in that report or the exhibits to it; correct?

A. It's not. Again, the purpose of my report was not to evaluate that question. It was to evaluate whether there was evidence of market efficiency. So the fact that that particular

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conclusion or data isn't in my report is not particularly relevant to this question.

Q. You actually excluded that date from your report and you did so quite intentionally because you deemed it an outlier; right?

MS. POSNER: Objection.

A. Well, no. I excluded it from the estimation window for future dates because there was clearly important firm-specific information and a huge stock price movement on that day. That's why it was excluded.

I didn't exclude it because it was KPMG's statement or for any other reason. It would have biased my event study results on future days to continue including that date in the estimation period. It's a different issue.

Q. Do you have any explanation for why the price of the common stock didn't go down in response to the disclosures about the impairment charges on December 10, 2014 and March 12, 2015?

MS. POSNER: Objection.

THE WITNESS: Can I have that read back please.

(Record read.)

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A. That's not something I formed a conclusion on, no.

Q. I'd like to talk a little bit about the event studies you conducted with respect to the Series C and Series D preferred shares, so please turn to page 37 of your report.

A. Okay.

Q. So your discussion of the event studies for the preferred securities, it looks like it starts on page 33; is that right?

A. Yes.

Q. And if you look at paragraph 70, you refer to an October 5, 2012 offering of 685,000 shares of the C series; right?

A. Correct.

Q. Do you know how many of those shares were sold in that offering?

A. I thought it was those 685,000 shares, but I believe that's -- I'm using their SEC filing to state that's what they were offering. I guess I don't know precisely how many were sold on that day.

Q. You referred to the Form 10-Q, right, in the footnote? And the 10-Q states "On September

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28, 2012, we sold 685,000 shares of the company's newly designated 10.75 percent Series C cumulative redeemable preferred stock, the Series C preferred stock, pursuant to the company's shelf registration statement."

So did you take that to mean that they sold the entirety of the 685,000 shares?

A. Yes. That helps remind me of why I was able to make that statement, yes, or that they were sold, not just offered.

Q. And they entered the market at $23 per share; right?

A. That's what they were sold for.

Q. On the next page, in paragraph 71, you refer to an additional offering of C series shares in October of 2012 which was an at-the-market issuance. Do you see that?

A. Yes.

Q. So those shares were sold into the market at varying prices over time; correct?

A. That's my understanding, yes.

Q. And then at the end of that paragraph, you indicate that Miller Energy issued an additional 625,000 shares of the C series at $22.9

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per share. Do you see that?

A. Yes.

Q. So those shares entered the market at $22.9 a share; right?

A. Yes. When you say entered the market, that's what they were sold for, yes.

Q. There were different initial prices for the C series shares as they were sold originally into the market; correct?

A. When you say initial prices, that was just the price, because it's one transaction when they bought the stock.

Q. Some people bought the stock as an initial matter at $23 a share. Some people bought it initially at $22.90 a share and some people bought it in the aftermarket offerings at a variety of other prices; correct?

A. That's consistent with my understanding, yes, that there were different transaction prices for the sales of these shares.

Q. If you look at the complaint, and paragraph 317, you will see an allegation that "This Count," the Section 11 count, "is brought in connection with each of the Offerings (except for

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the February 13, 2013 Offering)."

Do you see that?

A. I see that.

Q. If you turn to paragraph 286, you will see a list of offerings. Do you see that?

A. Yes.

Q. There are three Series C offerings listed here. Do you see those?

A. Yes.

Q. There's a May 7, 2013 offering where shares were sold at $22.25 and that was 500,000 shares; right?

A. I'm sorry. I was looking at something and lost the context of your question. Can you re-ask it please.

Q. Looking at the Second Amended Complaint, paragraph 286, you can see that on May 7, 2013, according to plaintiffs, there were 500,000 additional C series shares that were sold at $22.25. Right?

A. I see that.

Q. And then the plaintiffs allege that on June 27, 2013, there was another offering in which 335,000 Series C shares were offered at $21.50;

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right?

A. Yes.

Q. And comparing that list with the allegation in paragraph 13, you can see that the plaintiffs are alleging that the Section 11 claim is asserted on behalf of those who purchased in or can trace their shares to the May 7, 2013 and the June 27, 2013 offerings; is that correct?

MS. POSNER: For Series C.

MR. BALLARD: For Series C.

A. So just so I make sure I understand the question, paragraph 286 lists the -- not the initial offering of Series C, but the additional offerings after the initial offering in February, May and June of 2013.

Q. Those are the offerings that are at issue in the case with the exception that February 13, 2013 is excluded as stated in paragraph 317 of the complaint. Do you see that?

A. I mean, I see that. I mean, this strikes me as a legal issue over which they're bringing claims on versus which they're not, which I haven't really studied, but I see what you're pointing me to.

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Q. So the Section 11 claim is not asserted in connection with the February 2013 offering of 625,000 C series shares. You can see that; right? It says so right in 317.

A. That seems to be what it's indicating.

Q. And the Section 11 claim is also not asserted in connection with the October 2012 at-the-market offering or the October 2012 offering of 685,000 C series shares. You see that; right?

A. You're suggesting it doesn't include the October 5th initial offering of 685,000 shares?

Q. That's right.

MS. POSNER: Can you read back the question. I just want to make sure he said the Section 11 claim.

(Record read.)

Q. So let me ask this: Would you agree there were at least 680,000 plus 625,000 for a total of over 1.3 million C series shares in the market that are not at issue in the Section 11 claim in this case?

A. Again, this is an issue I haven't focused on. I think if what you're representing, which is that the initial offering of 685,000

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shares is not part of this case, and the 625,000 shares offered in February are not part of this case, that would imply that there is over a million shares of Series C that are not subject to Section 11 damages or Section 11 claims.

Whether that's an appropriate legal reading of this or not, I don't know, but from a mathematical perspective, if those offerings don't have Section 11 claims, what you're saying is right.

MR. BALLARD: Mark this as the next exhibit.

(Exhibit 37, Certification of Martin Ziesman, marked for identification, as of this date.)

THE WITNESS: I was going to say that's true at some point in time. Obviously, before October 5th, 2012 -- before the February 2013 date, it's only 685,000, but collectively after the fact, what you said is right.

Q. Please look at Defendant's Exhibit 37 and you can turn to the certification and it's the certification of Mr. Martin Ziesman, and attached

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is a Schedule A which lists his purchase of C series shares. Do you see that?

A. Okay, I see that.

Q. Mr. Ziesman says he bought 1,000 shares of the C series stock on June 4, 2014, at a price of $25.4292 per share. Right?

A. That's what it appears to assert, yes.

Q. And that's the only purchase he says he made; right?

A. In this declaration, that's true, or certification, that's true.

Q. So from this you can tell he didn't buy those shares in the October 2014 initial offering; right?

A. I don't think your question was right.

Q. He did not buy his shares in the original offering in October 2012; right?

A. That seems unlikely, yes.

Q. It was years later.

A. And at a different price. Yes, that doesn't seem right.

Q. He didn't buy them in the at-the-market offering that began in October 2012 either; correct?

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A. It doesn't appear so, but I haven't studied how long that at-the-market offering took place, but given that it's almost two years later, I would agree with that.

Q. Mr. Ziesman didn't buy in the February 2013 offering; correct?

A. No.

Q. And he didn't buy in the May 7, 2013 offering; right?

A. No.

Q. He didn't buy in the June 27, 2013 offering; right?

A. No.

Q. Mr. Ziesman obviously bought in the aftermarket; correct?

A. Well, when you say aftermarket, do you mean in the secondary market?

Q. Yes.

A. I don't know that for -- well, give me just a second.

That appears to be the case, yes, or that would be an inference I would likely draw from this.

Q. Do you know if the 1,000 Series C

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shares that Mr. Ziesman acquired in June of 2014 came from the batch that was offered originally in October of 2012?

A. I don't know that.

Q. Do you know if they came from the February 2013 offering?

A. I don't know that.

Q. Do you know if they came from the May 7, 2013 offering?

A. It had to come from one of the offerings, but I don't know which offering it came from.

Q. It could have come from the at-the-market or any of the other offerings, right, you just don't know which one?

A. I don't know.

Q. Do you know of any way you could trace those particular shares to any particular offering?

A. I don't know the answer to that, whether there's a way or not.

Q. So they may have come from one of the offerings that is at issue in the case or they might have come from one of the offerings that is not at issue in this case as far as you know;

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right?

MS. POSNER: Objection.

A. As far as I know, that's not an issue I've investigated.

Q. So returning to your discussion of the preferred shares, you included some exhibits where you included your event studies related to the preferred shares; right?

A. I have exhibits that summarize that. I also provided backup material with the details but yeah, there are a number of exhibits that summarize my findings from those event studies and other data.

Q. And those are Exhibits 9 and 10 relate to the C series, and 11 and 12 relate to the D series; right?

A. Again, it goes beyond the event study, but Exhibit 9 and 10 are addressing cause and effect for the C series, and 11 and 12 are addressing it for the D series, and then there's also text -- it's also discussed in the text and there are charts in the text as well.

Q. Let's look at the text on page 37, paragraph 74 and 75. This is one of the places you

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discuss the preferred securities; correct?

A. Yes.

Q. And in paragraph 74 in the middle you write, "From the time of the issuance of each of the preferred securities to the time where the market prices substantially fall below the par value (and therefore indicating an increased risk of default) market price would be driven primarily by changes in the time value of money (i.e., the applicable discount rate)."

Do you see that?

A. Yes.

Q. And then you say market prices would not be expected to be sensitive to all the factors that impact the common stock; right?

A. Correct.

Q. So you did an event study for the period after October 15, 2014, when you expected the market prices would be more sensitive to information about the financial condition of the company; is that fair?

A. Yeah, where I would expect it to be more sensitive to company-specific information.

Q. Did you conduct an event study or any

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study to assess whether there was a cause and effect relationship between events affecting the time value of money and movements in the price of the preferred stock?

A. No.

Q. So you have no event study examining the period from the beginning of the analysis period up to October 15, 2014; correct?

A. I have an event study. I performed the regression analysis. I don't rely on a testing any of dates during that period to evaluate market efficiency.

Q. You could have done an event study to assess whether there was a cause and effect relationship between events affecting the time value of money and movements in the price of the stock prior to October 15, 2014; right?

A. Well, that paragraph 47 of my report, when I'm citing Cammer, it's saying "One of the most convincing ways to demonstrate market efficiency would be to demonstrate, over time, a cause and effect relationship between company disclosures and resulting movements in stock price."

C. Coffman

So I interpret that to mean company-specific information or company specific -- so the time value of money component would be more of an independent market effect, not a company-specific event.

Q. You could still test it; couldn't you?

A. One could test whether the prices were sensitive to things like interest rates, et cetera.

Q. And that would bear on the question of whether the market is efficient; correct?

A. It may.

Q. But you chose not to do that kind of analysis?

A. I did not do that analysis, that's correct.

Q. So you do not have evidence or an opinion on whether there was a cause and effect relationship between events affecting the time value of money and movements in the price of the preferred stock in the period from the beginning of the analysis period up through October 15, 2014; correct?

A. That was not the focus of my analysis, to analyze the changes in the time value of money.

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My focus was to analyze whether during the period where it would be expected to respond to company-specific information, whether there was evidence that it did have a cause and effect relationship during that period.

Q. The preferred securities had a debt component and an equity component; right?

A. I think -- a debt-like component and an equity-like components, yes. It's not like it's a strict combination of the two in a strict way, but yes, it had those sorts of components.

Q. Just focus on the Series C for a moment. They were paying an interest rate of 10.75 percent; right?

A. If there were going to be dividends paid, that's the rate at which the dividends were going to be paid.

Q. Do you remember what interest rates were back then?

A. Could you be more specific about what interest rate?

Q. Well, we can cut right to the chase on this. 10.75 percent was pretty high, indicating that this was a risky security; right?

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MS. POSNER: Objection.

A. This security certainly had risk and the 10.7 percent being above the risk-free rate, certainly indicates that, yes.

Q. Investors were demanding a significant premium over the risk-free rate for this security; right?

A. Yes.

MS. POSNER: Objection.

Q. Given that, why wouldn't you expect the security price to react to information about the financial condition about the company?

A. I'm not saying it couldn't. I'm saying during a period where the prices are substantially below par value is when you would expect it to be more sensitive to company-specific information where there's -- the data would be more powerful for testing the cause and effect question.

Q. So you could have done an event study for company announcements for the period from the beginning of the analysis period up to October 14, 2015 as well, but you just didn't do it?

MS. POSNER: Objection.

A. I could have. It just would not have

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surprised me to find that the securities weren't reacting to that information, so I didn't view that as a powerful test of cause and effect. Because for a bond, a bond-like instrument, as I described in the report, the focus of the market would be on the ability to pay the dividend, not the excess equity value over the -- in other words, the equity-like components would not be as significant.

Q. So if you did an event study of some type for the period up to October 15, 2014, you thought it wouldn't provide evidence of efficiency?

MS. POSNER: Objection. That's not what he testified to.

A. No. I said that during that period, it would not likely be a powerful test because the types of events like earnings announcements that I test for the common stock wouldn't be expected to alter the price of the security unless there was a fundamental change in the liquidity of the company or perceived liquidity of the company.

Q. For purposes of the preferred securities, you divided the analysis period into two parts, divided by the date October 15, 2014; right?

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A. I ran a different model before and after that date, that's correct, yes.

Q. You ran a model after that date, and you didn't before that date; right?

A. Well, I ran a model. I just didn't select any dates to test where there was obvious firm-specific information that I thought would likely change or had a high degree of possibility of changing the value of the security in a significant way.

Q. This methodology that you have described in your report where you constructed two different fixed estimation windows for the preferred securities, is that something you've seen in other cases?

A. It's certainly something where there is an obvious change in what the market would be considering as factors affecting the value to use a different estimation period for that portion of the relevant period.

Q. Have you done this in any other cases?

A. I believe there are other cases where I have used fixed regression windows for certain portions of analysis or class periods, yes.

C. Coffman

Q. Is this a common technique?

A. I think it's very common when there's a reason to believe that there's been a fundamental change in the factors that affect the return-generating process of the security, yes.

Q. Is there any academic literature supporting this methodology?

A. I think there's general academic literature that supports that if you observe a security over a period of time and have economic reasons to believe the security will behave differently in two different periods, to run two different regressions to study those periods. I believe that is, yes.

Q. Where can I find that?

A. I think the general concepts of how a regression model would be biased if you didn't do it in the face of different -- of a return-generating process having changed or an underlying model having changed, and you didn't adjust for it, how that would be biased is in basic econometrics textbooks, but the specific use of different regressions for an event study over different periods, I don't recall the specific

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literature, but it's certainly something that I recall having read about.

Q. Let's look at Exhibit No. 11 to your report. Exhibit 11 summarizes the event study you conducted with respect to the D series. Is that right?

A. This summarizes the event study results for the D series, yes, or at least the dates of material announcements, yes.

Q. Let's back up. I want to look at the C series first. Let's go to Exhibit 9.

A. Okay.

Q. Exhibit 9 shows a summary of your event study for the C series; right?

A. Yes. And again, there's more beyond this, but this summarizes the results for the specific days that I'm testing.

Q. And in this, you look at nine events; right?

A. Just to be clear, I also look at the 194 no news events, so that's not summarized here but this is the nine events that I'm calling the news days or events that I'm testing.

Q. And you compared the results you found

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on the nine news or event days with the results you found on the no news days; right?

A. That's correct.

Q. So for this analysis here, you included earnings releases as well as certain other events; right?

A. That's correct, yes.

Q. On the common stock, you looked at only earnings releases; right?

A. That's correct.

Q. Why a different methodology?

A. Because the Series C and Series D were offered -- a couple of different reasons. Number one, they're offered later in the class period.

Number two, over the period in which they're trading at par value, I wouldn't, for the reasons described, wouldn't expect them to respond to quarterly earnings announcements frequently. So that was going to leave me with a small sample size of dates to test.

Three would not be -- I think there's three earnings announcements over the relevant period for performing this test so I attempted to identify an additional category or categories of

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dates that would be relevant to test.

Q. Wait a minute. This analysis here on Exhibit 9 is for the period when you said after October 15, 2014, you would expect the market prices of the preferred C series shares to react to earnings announcements; right?

A. Or at least could potentially, but I describe in the report how I'm not surprised that they don't, given that the market price of the common stock didn't react to these particular earnings announcements either.

Q. If you look at Exhibit 9 for this C series and you look at the earnings releases, that would be events 2, 4 and 8; right?

A. That's correct.

Q. And the price of the preferred stock, the C series, never reacted in a statistically significant way to an earnings release; correct?

MS. POSNER: Objection.

A. That's correct, and what I'm saying is that that's not in any way inconsistent with market efficiency given that the common stock didn't react significantly to those either.

Q. If you used the same methodology for

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the C series that you did for the common stock, you would have found no cause and effect relationship between the release of new information and movements in the price of the preferred stock; is that correct?

A. Well, if you're saying if I had used the exact same precise methodology, I suppose that's true, but there's reasons not to do that that are described in the report, and I do follow the same general methodology, which is to analyze dates with clear firm-specific news and compare it to dates where there's no firm-specific news.

So the overall methodology is the same. It's just I have a criteria for identifying additional dates for the Series C preferred stock and Series D preferred stock that I believe speak to -- that are potentially material events for the company that provide relevant evidence about market efficiency by testing those dates.

Q. To be clear, on Exhibit 11, you can confirm that the price of the Series D preferred also never reacted in a statistically significant way to an earnings release; correct?

MS. POSNER: Objection.

C. Coffman

A. Correct, and for the same reasons I responded to the Series C question, that did not surprise me.

Q. Can you look at Exhibit 2-C, please.

A. Okay.

Q. What is this intended to show?

A. It's just a graphical display of this particular information, what the closing price of the Series C preferred stock was, when the end of the analysis period was in the event that -- is the end of the analysis period, and then identifies the specific offerings that at least I was aware of that occurred during the analysis period.

Q. And this shows stock price as well as volume data?

A. I'm sorry, I left out the volume, yes. It shows the closing price of the Series C and the volume of the Series C on each day.

Q. So you're saying, looking at this chronology here, prior to the middle of October 2014, you would expect the price not to be reacting to company specific news, only interest rate movements?

MS. POSNER: Objection.

C. Coffman

A. No. I mean, it could react. I was just devising a period where -- so it's plausible that it's reacting to company-specific news. I was trying to define a more powerful test of the cause and effect relationship which would be the power of any test would be greater during the period where it was trading in a more equity-like fashion.

Q. Let's go back to Exhibit 9 for a minute. You drew these nine events from that period mid-October 2014 through the end of the analysis period and then I guess a little bit beyond that; right?

A. Well, it includes the day after the analysis period, the day of the delisting, yes.

Q. And when I look at Footnote 1, it looks like you referred to a time period of October 8, 2012 through October 14, 2014. Is that the period you used to evaluate no news days?

A. I believe that's the case, yes.

Q. So you drew the nine events on one side of your comparison from one period of time and you drew the 100 and whatever no news days from a different period of time?

A. Again, there's no reason not to look at

C. Coffman

the no news days from the earlier point in time because you can still evaluate whether there were more than the expected statistically significant stock price movements based on chance alone during that period. So that's still a relevant period to consider for the no news dates.

Q. Why wouldn't you just use the same period of time? Wouldn't it be better to use the same period of time for the event days and the no news days?

A. The news event dates I'm picking come from post-2014, but for the no news days, there's no reason not to look at the entire period. I mean, one could make that comparison too, but --

Q. As a matter of methodology, wouldn't it be better, as a general matter, if you're drawing a comparison, to look at the event days from a period of time and compare them with the no news days from the same period of time?

A. Well, I'm looking at both from the entire period of time. I'm just identifying the nine event dates come from post 10/14 -- I'm sorry, post 10/15/2014, because that's when I believe there are events that are more likely to influence

C. Coffman

the price of the stock in a significant way.

Q. Well, you didn't include the earnings events from the earlier period of time.

A. Right, for reasons I described in my report.

Q. I know. So I'm asking if you're going to limit the period of time when you're looking at events, shouldn't you look at the same period of time when you're looking at no news days? Wouldn't that be a better methodology?

A. I don't think there's anything wrong with looking at no news dates over the entire period. You could make that as an additional comparison, but I don't think that's necessarily a better way of doing it.

When you get to a natural stopping point --

MR. BALLARD: This is perfect. We can take a break now.

THE VIDEO TECHNICIAN: We're going off the record. The time is 4:44 p.m.

(Recess taken.)

THE VIDEO TECHNICIAN: The time is 4:54 p.m. We're back on the record.

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Q. Mr. Coffman, could you turn to page 49 of your report, please.

A. Okay.

Q. This is where you talk about damages, and in the carryover paragraph you indicate that plaintiffs' complaint alleges -- I'm sorry. Hold on. I've got the wrong page. On pages 48 through 49 --

A. It starts on 47.

Q. I'm sorry, you're right. So let's go back. From page 47 onward, you have a discussion of 10(b)5 damages as well as Section 11 damages; right?

A. Yes.

Q. And let's talk about Section 11 damages first. In Section 11, there's a statutory formula that you mention in your report. Right?

A. Yes.

Q. And you quote it here. It states in part that you calculate damages for a Section 11 claim in part based on the difference between the amount paid for the security not exceeding the price at which the security was offered to the public, and then the sale price, and there's

C. Coffman

several ways that can be calculated; right?

A. Yes, not just the sales price but there's a number of different potential prices or values that you compare against based on when the shares sold.

Q. Depending on whether you held it forever or whether you sold it during the class period or the like; right?

A. Or I think it's technically not the class period, but the date of suit, or there's -- I mean, it says what it says.

Q. Got it. But the point is, for any of these damages calculations, you need to know the price at which the security was initially offered to the public; correct?

A. That's one element of the calculation, yes.

Q. Well, let's take a look at Mr. Ziesman. Do you have his certification? It was Exhibit 37.

A. Yes.

Q. So Mr. Ziesman, as we've noted earlier, purchased in June of 2014 at a price of $25.43 per share basically. Right?

A. Slightly below that, but yes, it rounds

C. Coffman

to that.

Q. He purchased at a price that was higher than any of the initial offering prices for the C series securities; is that correct?

A. That's my understanding, yes.

Q. So his damages will be limited by the statutory formula; is that correct?

A. Yes.

Q. To know what his damages are, you need to know which offering his shares came from; is that correct?

A. Well, you could make a statement about that his -- the offering price wasn't below a certain number so you could use the lowest offering price and say that his damages would be at least that much, but --

Q. To accurately calculate his damages, you need to know which offering his shares came from, correct, according to the statutory formula?

A. Like I said, I think there's a way to calculate it conservatively, but to precisely base it on the offering that that individual security was bought in, I don't know if that's necessary, but if it is, then what I'm describing would be a

C. Coffman

conservative estimate, but not necessarily the precise amount of damages that he might be entitled to.

Q. If his shares came from the initial offering in October 2012 at $23 per share, his damages would be capped based on the $23 amount under the statutory formula; correct?

A. Could I have that read back.

Q. I'll restate it. If Mr. Ziesman's shares came from the October 12 offering in which shares were sold at $23 per share, the statutory formula would limit his damages based on the $23 initial share price; correct?

A. That's my understanding, yes.

Q. If his shares came from the offering in February 2013, when shares were offered at $22.90 per share, his damages would be limited based on that number; correct?

A. I'm assuming you're quoting those numbers right without looking at them, but yes, it would be limited based on the offering price as of that date.

Q. If his shares came from the at-the-market offering, his damages would be

C. Coffman

limited under the statutory formula to whatever the original at-the-market offering price was for those particular shares; correct?

A. That's my understanding, yes.

Q. Do you know if his shares, Mr. Ziesman's shares, came from the October 2012 offering?

A. I don't.

Q. Do you know if they came from the at-the-market offering?

A. I don't.

Q. Do you know if they came from the 2013 best efforts offering?

A. You're referring to the at-the-market offering?

Q. No. There was an at-the-market offering in October 2012 and then a best efforts underwriting in February of 2013.

A. I don't know.

Q. Do you know if his shares came from the May 2013 offering?

A. I don't know.

Q. Do you know if his shares came from the June 27 offering?

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A. I don't know.

Q. So you can't say what Mr. Ziesman's damages would be under the statutory formula; isn't that fair?

MS. POSNER: Objection.

A. If it's unclear which offering it came from, I haven't determined whether that's determinable or not, but if it can't be determined, the best one could do is the most conservative estimate of his damages.

Q. Well, the statutory formula says damages are calculated based on the difference between the amount paid for the security not exceeding the price at which the security was offered. Right?

A. Yeah, and all I'm suggesting is that one could make a statement saying that his damages would be at least a certain amount if the -- if you could base it off of the lowest offering price.

Q. So if we go back to that statutory formula and the parenthetical "not exceeding the price," you would be calculating damages by a formula where you would insert the word "lower" before the word "price," so the formula in the

C. Coffman

statute would be calculated based on the difference between the amount paid for the security not exceeding the lowest price at which the security was offered to the public?

A. No.

MS. POSNER: Objection.

A. I'm not rewriting the statute. You're asking me -- again, I'm not -- it's not clear to me what offering he purchased in. It's not clear to me whether or not that information would ultimately be available.

I'm just saying that even if one couldn't determine his damages precisely based on the formula, if there was ambiguity about which offering he bought in, you could still make a statement potentially about the lowest amount of damages if it could be traced back to at least an offering that was at issue in the case. I'm not --

That's all I'm saying. As a matter of math, you could identify that damages were at least some certain amount if you were able to trace it back to an offering that is at issue in the case.

Q. You couldn't determine what his precise damages are under the statutory formula without

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being able to trace his shares back to a particular offering. Isn't that a fact?

A. I don't think you could identify the precise damages. I think I already testified to that, yes.

Q. And yet you have given an opinion in this case that you believe it would be possible to calculate Section 11 damages on a class-wide basis; is that not right? That was the opinion you stated in your report?

A. Well, I say -- again, embedded in paragraph 101 of my report is the idea that the purchase was made pursuant or traceable to the offering documents. So if there's a determination that based on what you're showing me, it can't be traced, then that's not part of what would be calculated.

If it can be traced, I'm saying I could make a statement about if it could be traced back to multiple offerings, one of multiple offerings that are part of the case, I could make a statement about that the damages were at least a certain amount, but I could not calculate the precise damages, so I could come up with a conservative

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estimate.

Q. So for now, we're only talking about Mr. Ziesman; right?

A. That's my understanding of what your question is.

Q. Yes.

A. Yeah.

Q. So now let's talk about the entirety of the proposed Section 11 class. Is it your testimony that you can calculate damages under the Section 11 formula for the proposed Section 11 class in this case?

A. My understanding of the definition of the class is people who purchased pursuant to or traceable to the offering documents, so that some -- that the definition of the class would only include people for which you could at least trace back to an offering, and I'm saying that while one might not be able to calculate precise damages for each investor, one would be able to calculate a minimum amount.

Q. I'm not asking if you can calculate a minimum amount. I'm asking if you can calculate the damages according to what you said is a

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statutory formula that can be applied on a class-wide basis. You can't; can you?

A. I don't think you can apply precisely the wording in here if you don't know which offering to trace it back to.

Q. And you looked at volume data for the Series C shares; didn't you?

A. I did.

Q. They traded, in your opinion, quite frequently?

A. They did trade quite frequently.

Q. They turned over more than, on average, two times a year; right?

A. That's true, yes.

Q. Mr. Ziesman goes into his Scottrade account in June of 2014 and buys 1,000 shares of C series stock. By that time, the C series has been trading and trading and trading in high volume for a long period of time; correct?

A. On average, they were trading more than the average security on the exchange, so there was a lot of volume, yes.

Q. So his shares are likely to have traded multiple times between the initial offering date,

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whenever that was, and we don't know when it was, and when he purchased them; right?

MS. POSNER: Objection.

A. I don't know that you can conclude that those particular shares traded multiple times. I just don't know.

Q. There's just no way to know; right?

MS. POSNER: Objection.

A. It's not clear whether there may or may not be records that would allow one to trace it back to a particular offering. I'm just saying I don't have any information that would allow me to do that as I sit here.

Q. Is the same true for the Series D shares, you don't know how or whether a particular plaintiff would be able to trace their shares back to a particular offering?

MS. POSNER: Objection.

A. If they bought it in the offering itself, they presumably could. If they bought in the secondary market, only after the first offering and not additional offerings, they might be able to.

And again, whether they could after a

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secondary offering, I think would depend on what evidence there might be, but I don't know of any as I sit here.

Q. So a plaintiff who actually bought in one of the offerings at the offering price, for that plaintiff, you could calculate their damages accurately under the statutory formula?

A. Absolutely, yes.

Q. It's just the people who bought in the aftermarket where you don't know?

MS. POSNER: Objection.

A. Again, I think with the exception of people who bought after the first offering before there were any secondary offerings, one could logically trace back to the initial offering.

Q. You're talking about the D series now?

A. Theoretically, that would be true for both series.

Q. Well, the first few offerings of C series are outside of the period and aren't at issue in this case so you could never trace back to those.

MS. POSNER: Objection.

Q. I guess let me ask you this: You've

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testified you could calculate damages for the Section 11 claim for the C series shares. How would you do that?

A. Well, for somebody that bought in one of the offerings, you would follow the statutory formula. For somebody that bought in the aftermarket, you would have to evaluate if there was a way to trace it back to one or a series of the offerings that are relevant in the case, and like I said, you could -- you might not be able to calculate the damages precisely, but you could get a lower bound estimate of what those damages would be.

Q. In your report, at paragraph 102, you wrote, "Given that there is a statutorily defined formula for Section 11 damages, it is clear that damages under Section 11 can be calculated using a common methodology for members of the Section 11 class."

Do you see that in paragraph 102?

A. Yes, and I'm stating that with respect to what I say in paragraph 101 is my understanding that it has to be pursuant or traceable to the offering documents at issue in the case.

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Q. So if a plaintiff didn't purchase any offering, like Mr. Ziesman, and can't trace to a particular offering, you can't calculate that plaintiff's damages under the statutory formula; is that fair?

A. I think it would be difficult to do that with precision. One might be able to say what the minimum amount of damages are, but it would be hard to know which precise offering price to use in the formula.

Q. Let's turn back to the complaint in this case, the Second Amended Complaint, Exhibit 3, and I want to direct your attention again to paragraph 197. That's the beginning of the section on the allegation that "the truth begins to emerge." Do you have that in front of you?

A. Yes.

Q. Before we dig into that, I want to direct your attention to one other paragraph earlier in the complaint, paragraph 4.

In paragraph 4, plaintiffs allege "The Miller Energy house of cards finally began to collapse in December 2013, when it started to become clear that the Alaska Assets were worth

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nowhere near what KPMG and Miller Energy said they were, in large part because the assumptions about how much it would cost Miller Energy to actually extract hydrocarbons from those Alaska Assets were massively and fraudulently understated."

Do you see that?

A. Yes.

Q. And then plaintiffs allege in paragraph 4, "As this reality materialized, Miller Energy's securities prices began to crumble."

Do you see that?

A. Yes.

Q. Do you understand the plaintiffs are asserting a materialization of risk theory in this case?

A. I understand those words appear and might be a legal way of describing loss causation in this case, but my understanding is that they're alleging that the fact that these assets were worth far less than what was being reported was known or should have been known from the very beginning so that it didn't require additional events for the risk to materialize.

Q. You understand that the plaintiffs

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allege that there were quantities of oil and gas reserves in the Alaska Assets that had not been extracted yet, they were underground or underwater; right?

A. That's my understanding, yes.

Q. And plaintiffs allege that the costs associated with extracting the oil from under the ground or under the water, plaintiffs allege they were understated, those costs; right?

A. That's part of what they're alleging, I understand.

Q. And they allege that by understating the cost of extraction, the value of the assets was effectively overstated?

MS. POSNER: Objection.

A. That's at least one part of what they're alleging. I don't know if there's other things, but that's a general understanding of part of what they're alleging, yes, is that the value is overstated for at least that reason.

Q. So hypothetically, if the cost of extracting a barrel of oil is $10 a barrel and the price of oil is $100 a barrel, there could be great value there, but if the cost of extraction is $10

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and the price of oil is $5, there could be no value there if that's the price of oil; right?

MS. POSNER: Objection.

A. Possibly under your hypothetical. You have to think about option values and things like that too, but your general point is understood, yes.

Q. The value of the Alaska Assets could depend on both the price of oil and the cost of extraction?

MS. POSNER: Objection.

A. That's fair, yes.

Q. And the plaintiffs are alleging that Miller Energy made assumptions about the cost of extracting the oil and that those were understated or effectively understated the cost of extraction. That's what they're alleging, you understand that; right?

MS. POSNER: Objection.

A. That's at least my understanding of what they're alleging. Again, I don't have committed to memory all the bases of what they're alleging, but that's a good -- I think obviously paragraph 4 is a summary of what they're alleging,

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which is that the costs that were embedded in how the valuation was done were unrealistic. That's my understanding of their complaint.

Q. Have you done any analysis of the allegations of the complaint regarding the risk materializing and the truth leaking out?

A. I think you're asking if I analyzed loss causation and the answer is no.

Q. So you haven't taken a look at the events alleged beginning in paragraph 197, going forward, to see if they were leaking out new information or correcting prior misstatements? You haven't taken a look at that?

A. That's not an analysis I performed, no.

Q. If you were asked to calculate damages in this case for the 10(b) plaintiffs, how would you go about doing that?

A. Well, it's described in my report. I would calculate the difference between the artificial inflation at the time of purchase minus the artificial inflation at the time of sale. That's how damages are calculated. That would rely on a detailed loss causation analysis to actually quantify the artificial inflation at different

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points in time and that's something I have not determined precisely how I would do it.

Q. Well, let's look at paragraph 100 of your report. In this paragraph, you're talking about the methodology that you would use if you were asked to calculate damages for the 10(b) class?

A. Well, I think in paragraph 99, I define how damages would be calculated. I then talk in paragraph 100 about some of the procedures that would be used to potentially analyze artificial inflation per share, but I don't determine precisely how artificial inflation per share would be quantified based on the facts and circumstances of this case.

Q. And I think you said you haven't looked at artificial inflation in this case and you haven't been asked to; is that right?

A. In terms of quantifying it, correct.

Q. In paragraph 100 you write, "In particular, as is standard procedure in Section 10(b) cases, the most common methodology to quantify artificial inflation is to perform an event study that measures price reaction to

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disclosures that reveal the relevant truth concealed by the alleged material omissions and/or misrepresentations."

You wrote that?

A. I did, yes.

Q. Have you done anything to evaluate what the relevant truth concealed by the alleged material omissions and/or misstatements was in this case?

A. Well, I generally understand it to be the overvaluation of the assets, and the -- that were signed off by the company KPMG in their financial statements.

Q. So if you were conducting a damages or loss causation analysis in this case, you would be looking at the events that supposedly corrected the prior misstatements to see if they revealed a relevant truth?

A. That would be part of the analysis, yes.

Q. And what exactly would you be looking for in looking at the disclosures that revealed the relevant truth?

A. Can you be a little more specific in

C. Coffman

your question? I'm a little confused by what you mean.

Q. In doing this analysis where you would have to look at disclosures that revealed the relevant truth, that's your phrase, would you be looking for a disclosure of a specific misstatement or omission on the part of KPMG?

A. I don't think the announcement, itself, would necessarily have to mention KPMG, but it would have to be either a direct or indirect revelation that the value of the underlying assets were less than what the market had believed they were based on those statements.

Q. Would you be looking for disclosures that relate to the cost of extraction and whether they were higher than previously stated or assumed?

A. That's one thing that might be relevant to look at, yes.

Q. What else might you be looking for to determine what disclosures revealed the relevant truth?

A. Given that I haven't been asked to analyze loss causation, I haven't concluded precisely what all the different categories or

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types of information that might potentially be partially corrective would be, so I don't think I could answer your question.

Q. So if we went through the paragraphs in this section in the complaint beginning on page 197 regarding the truth beginning to emerge, I could ask you about each of them, but you haven't evaluated whether they are, in fact, corrective disclosures or whether the truth was coming out for any of those; right?

A. That's correct.

Q. So sitting here today, you don't know how you would -- if you were to conduct that kind of study, how you would treat any of these particular events or disclosures; is that fair?

A. That's fair. I haven't drawn any conclusions about precisely how I would treat any of those particular events or even whether there's other events that might qualify.

(Exhibit 38, Brean Capital report from October 13, 2014, marked for identification, as of this date.)

Q. I'm going to hand you Exhibit No. 38. In paragraph 214 of the complaint, plaintiffs

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allege that "On October 13, 2014, after trading hours" --

A. What paragraph number?

Q. 214. In paragraph 214, plaintiffs allege that "On October 13, 2014, after trading hours, Reuters reported that Brean Capital, a firm whose analyst had been following Miller Energy closely, cut its price target from $9 to $7."

And then plaintiffs allege that "On and around this day, and on this news, risks or truth concealed by, or effects associated with, KPMG's fraud were partially revealed, leaked out, or materialized, and as a result, Miller Energy's stock price fell."

Do you see that?

A. Yes.

Q. If you look at Exhibit number 38, you can see this is the Brean Capital report from October 13, 2014?

A. It's a Brean Capital report from that date, yes.

Q. At the beginning, it starts in the investment summary by saying "We reduced our 2014 crude oil and natural gas price forecasts."

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Do you see that?

A. I see that.

Q. And then in the next sentence, "We also reduced our long-term forecasts for crude oil."

Do you see that?

A. I see that.

Q. And then in the next sentence, "These changes in our commodity price forecasts led to significant price target changes in our coverage universe, most notably for Bonanza Creek, Emerald Oil, Laredo Petroleum, Miller Petroleum and Warren Resources."

Do you see that?

A. I see that.

Q. Do you see any indication here that this report had anything to do with anything other than the price of oil falling?

A. I don't see any specific reference here beyond oil prices.

Q. It sure doesn't look like any relevant truth came out of this report; right?

MS. POSNER: Objection.

A. I would have to understand if there was some theory being asserted by which the oil price

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declines are somehow representative of risks materializing that's related to the fraud, but in terms of company-specific information that is contained in here, I don't see anything.

MR. BALLARD: It's 5:30 and I promised to wrap up by 5:30 so I think we will call it a day.

MS. POSNER: Before we go off the record, since I, in our seven hours, haven't had a chance to redirect, and since we're going to have to bring Mr. Coffman back anyway, I'm happy, if you need a few more minutes to finish up to be able to do that on the portions you didn't get to today, and I will do my redirect then.

MR. BALLARD: We might as well do it when we come back.

THE VIDEO TECHNICIAN: This completes the deposition of Chad Coffman on April 12, 2019, at 5:30 p.m. We are off the record.

(Time noted: 5:30 p.m.)

A C K N O W L E D G E M E N T.

I, CHAD COFFMAN, hereby certify that I have read the transcript of my testimony taken under oath in my deposition of April 12, 2019; that the transcript is a true, complete and correct record of my testimony, and that the answers on the record as given by me are true and correct.

Chad Coffman

Subscribed and sworn to before me on this the 16th day of May 2019.

B Urban
Notary Public

October 19, 2022
My Commission Expires:

B URBAN
Official Seal
Notary Public - State of Illinois
My Commission Expires Oct 19, 2022

C E R T I F I C A T E

STATE OF NEW YORK)
:
COUNTY OF NEW YORK)

I, ELEANOR GREENHOUSE, a Shorthand Reporter and Notary Public within and for the State of New York, do hereby certify:

That, CHAD COFFMAN, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of April, 2019.

Eleanor Greenhouse

ELEANOR GREENHOUSE

April 12, 2019

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EXHIBITS

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Errata – Deposition of Chad Coffman – 04-12-2019

1. 46: 4-6 – Missing "the," should state "I think it's fair to say that the event study tests are more direct than some of [the] other factors."
2. 47: 15 – "marketing," should be "market".
3. 52: 9 – "race," should be "release."
4. 80: 18 – "Investec," should be "Investext."
5. 87: 24 – "snow," should be "know."
6. 88: 5 – "Investec," should be "Investext."
7. 89: 2 – "dedicating," should be "dedicated."
8. 96: 7 – "Investec," should be "Investext."
9. 159: 7 - "analysts reports," should be "analyst reports."
10. 244: 17 – "14th," should be "4th."
11. 245: 6 – "day 8" should state "December 8."
12. 272: 4 – "10.7 percent," should be "10.75 percent".
13. 281: 20 – When I gave the answer "I believe that's the case, yes,", I had interpreted the question to be asking whether that was "a" period from which I evaluated no news dates, not "the" period (i.e. to the exclusion of other periods). As is evident from my report and backup data, the period I used to evaluate "no news" dates spans October 8, 2012 to July 31, 2015"